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CONGRESSIONAL RECORD — HOUSE

H 3829

SECOND SUPPLEMENTAL APPROPRIATION BILL, 1969

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11400) making supplemental appropriations for the fiscal year ending June 30, 1969, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate thereon be limited to not to exceed 3 hours, the time to be equally divided and controlled by the gentleman from North Carolina (Mr. JONAS) and, myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11400, with Mr. HOLIFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Texas (Mr. MAHON) will be recognized for 1½ hours, and the gentleman from North Carolina (Mr. JONAS) will be recognized for 1½ hours.

The Chair recognizes the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, we come to the consideration of the second supplemental appropriation bill for 1969, the first major appropriation bill for the 91st Congress. It deals with the fiscal year 1969 insofar as the funds are concerned. And it contains an important provision—an expenditure ceiling—with respect to fiscal year 1970.

I hope the items in the bill will be explored by the Members and that the House will work its will on this bill. In the Committee on Appropriations, we think we have done the best we could, but we make no claim of infallibility. We have cut the requests by some \$581 million. If there are further reductions which are desired, Members of course, are free to offer the amendments to bring about the reductions.

SUMMARY OF THE PENDING BILL

We have reduced the budget estimates which were before us by about 13 percent. Most of the items and the bulk of the total requests before the committee were of a mandatory character and we had no practical option to recommending approval of the necessary funds. We had to provide funds, for example, for pay increases which had been provided in previous legislation.

It is an old refrain that Congress in the regular appropriation bills reduces the annual money measures and then early in the next session restores the reductions which were made, and that therefore the reductions originally made

result in no reductions at all. This is not correct. For example, in this bill less than 1 percent of the new funds provided represents a restoration of funds which were reduced last year. And the restorations—some \$34 million—represent about one-third of 1 percent of the approximately \$12 billion cut last year in new funds requested for fiscal 1969. That, I think, is a rather good record.

There are many, many items in the bill before us, and there is no way to be fully familiar with the contents of the bill other than to study the bill and the report, so I would commend to all a careful reading of the report on the bill. There are innumerable items representing, I believe, practically every department and agency of the Government.

The bill proposes new appropriations, or budget authority, in the sum of about \$3,783,000,000. It is, as I said, about \$581 million less than the budget requests, a cut of about 13 percent.

Mr. Chairman, under leave to extend, I include, for purposes of elaboration, excerpts from the report summarizing the main features of the bill:

SUMMARY OF THE BILL

The bill is divided into five titles: I—Military operations in Southeast Asia, II—General supplementals (various), III—Increased pay costs, IV—Ceiling on 1970 expenditures, and V—General provisions.

The grand total of new budget (obligational) authority recommended in the bill is \$3,783,212,766, a reduction of about 13%, or \$580,794,190, from the revised budget requests of \$4,364,006,956 considered.

In addition, under title II there are proposed increases of \$82,500,000 in limitations on annual contract authorizations involving interest subsidies for homeownership and rental housing assistance and college housing. The budget requests for these total \$104,500,000, so there is a reduction of \$22,000,000. Also, numerous provisions in the bill would release \$82,766,000 held in reserve under the cutback provisions of Public Law 90-364.

The amounts in the bill are within the overall totals of budget authority for 1969 shown in the administration's budget review released April 15th. That is, they are well within the totals contemplated in that review. And they are also well below the supplemental provisions contemplated for fiscal 1969 in the budget last January.

The January budget projected fiscal 1969 budget authority supplementals of \$4,813,000,000, inclusive of \$198,000,000 dependent on legislation which is not yet enacted. Of the remainder (\$4,615,000,000), a total of \$4,365,000,000 in new budget authority was submitted to the House and considered in connection with the accompanying bill. An additional \$221,000,000 in new budget authority requests for 1969—analyzed after House Committee hearings were closed out—was submitted to the Senate (S. Doc. 91-18) for consideration in connection with this bill. Thus the total of such budget authority requests now indicated is \$4,586,000,000, or, in round figures, \$23,000,000 below the \$4,615,000,000 mentioned above.

This is the way the total picture stands on 1969 supplementals as of this date. It is a net result; the new administration reviewed and revised many of the supplemental requests submitted by the previous administration and made a number of reductions. But as the totals now stand, increases submitted have offset all but \$29,000,000 of the decreases from the January budget that were projected on April 15 (again, not counting the \$198,000,000 that hinges on legislation).

Summary by titles

Title I, Defense military, includes \$1,234,000,000 for military operations in Southeast Asia. This compares with the revised request of \$1,496,900,000, a reduction of \$262,900,000, or about 17 percent.

Title II, for sundry general supplementals, includes \$1,365,914,312, a reduction of \$39,736,850, or just under 3% from the budget requests of \$1,405,651,162 in new budget (obligational) authority. Some releases of reserves and other non-add provisions are involved. Increases of \$82,500,000—a reduction of \$22,000,000 from the request—are also proposed in limitations on annual contract authorizations in certain interest subsidy programs in the housing field.

The details are set forth under the various chapters in the committee report, but the great bulk of title II relates to items not subject to effective discretionary control in the annual bills. Some 83% or \$1,132,000,000, of the total, for example, is involved in grants to states for public assistance; veterans compensation, medical, and other costs; unemployment compensation payments; military retired pay; and disaster relief.

Title III, for increased pay costs, includes \$1,183,298,454 in new budget (obligational) authority, an overall reduction of \$278,157,340, or about 19 percent from the revised budget requests of \$1,461,455,794. Release of \$62,277,000 of P.L. 90-364 reserves is also involved, plus numerous transfers between appropriations to enable greater absorption of pay costs.

These supplementals relate to unabsorbed portions of pay raises generally effective last July 1 that were not taken into account in the regular 1969 appropriations.

The Executive Branch had combed the estimates initially and the new administration had also reexamined them. Since the estimates are for mandatory-type costs that have been running all fiscal year, the Committee could not make drastic additional cuts all across the boards this late in the fiscal year without creating unacceptable disruption to operations.

Title IV, limitation on 1970 budget outlays, proposes an overall ceiling on expenditures of the government during the fiscal year 1970 that begins on July 1, 1969. The proposal is explained in considerable detail beginning on page 118 of the report of the committee on the bill.

Title V, general provisions, contains general provisions customarily carried.

Approximate effect on 1969 expenditures—budget outlays

It is the committee's tentative estimate that the reduction of \$580,794,190 in new budget (obligational) authority requests, plus the relatively minor changes in requested transfers between appropriations, and reserve releases, will translate into a reduction of approximately \$464,000,000 in budget outlays previously projected for fiscal year 1969, by titles of the bill roughly as follows: title I, \$165,000,000; title II, \$26,000,000; and title III, \$273,000,000. The reductions in the interest subsidy contract authorizations limitations would not affect projected 1969 outlays.

The outlay effect of the remainder of the reduction in new budget authority and interest subsidy contract authorization limitations would be of some consideration in determining the impact of congressional actions on fiscal 1970 budget outlays; perhaps to a minor extent, even on fiscal 1971 outlays.

I believe there will be a desire on the part of the House to discuss some of the military implications involved, and the war in Southeast Asia. Some may want to discuss the antiballistic missile program and other controversial or semi-

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controversial matters. We have agreed on the 3 hours in which to discuss these matters.

EXPENDITURE CEILING PROPOSAL—TITLE IV

Mr. Chairman, I should like to claim your attention, if I may, at this time for the purpose of discussing a portion of the bill which appears on page 61. The report deals adequately with this proposal. It proposes an expenditure limitation—a spending ceiling. I believe it is important that all Members be familiar with the expenditure ceiling.

I should like to read the ceiling which we propose to fix in this bill. Page 61 of the bill, title IV:

Expenditures and net lending (budget outlays) of the Federal Government during the fiscal year ending June 30, 1970, shall not exceed \$192,900,000,000: *Provided*, That whenever action, or inaction, by the Congress on requests for appropriations and other budgetary proposals varies from the President's recommendations thereon, the Director of the Bureau of the Budget shall report to the President and to the Congress his estimate of the effect of such action or inaction on expenditures and net lending, and the limitation set forth herein shall be correspondingly adjusted.

Mr. Chairman, that is the ceiling provision, subsection (a) of it.

Subsection (b) is the reporting provision, which I insert here for reference purposes:

(b) The Director of the Bureau of the Budget shall report periodically to the President and to the Congress on the operation of this section. The first such report shall be made at the end of the first month which begins after the date of approval of this Act; subsequent reports shall be made at the end of each calendar month during the first session of the Ninety-first Congress, and at the end of each calendar quarter thereafter.

Mr. Chairman, under leave to extend, and before proceeding further, let me insert an excerpt from the report which briefly states the nature of the proposition:

The committee has included a provision in the bill that would place an overall ceiling on budget expenditures during the fiscal year 1970 that begins on July 1, 1969. The precise terminology is "Expenditures and net lending"—which, taken together, constitute "budget outlays".

The amount specifically stated in the provision, \$192,900,000,000, is a beginning figure, not an ending figure. It is the revised projection of 1970 budget outlays announced by the President on April 12 and summarized in the Review of the 1970 Budget released on April 15. That summary appears in the Congressional Record of April 16, 1969, at pages E2993-2996.

Coupled to the \$192.9 billion figure is language providing—" . . . That whenever action, or inaction, by the Congress on requests for appropriations and other budgetary proposals varies from the President's recommendations thereon, the Director of the Bureau of the Budget shall report to the President and to the Congress his estimate of the effect of such action or inaction on expenditures and net lending, and the limitation set forth herein shall be correspondingly adjusted."

In other words, Congress would work from the President's proposed total spending estimate. It would do so through its actions, or its inactions, on requests for appropriations and other budget obligational authority and outlay proposals in the various appropriation bills and certain other bills affecting the budget.

The language would operate continuously to adjust the ceiling, as appropriate, to comport with the estimated expenditure effect of specific congressional actions or inactions having budgetary impact.

It is a flexible provision—but in terms of aggregate spending, flexible only on the action of the Congress, not the Executive.

It does not seek to declare something of the end from the beginning; it sets a beginning point against which Congress would work in deciding, through its various spending actions, what the ultimate total should be, and supplies a mechanism for resetting the ceiling accordingly.

Unlike last year's ceiling provision, it does not impose an arbitrary broad-axe type ceiling cutback that would leave to the Executive the allocation of any congressional expenditure reduction to specific agencies and programs.

It would be the first ceiling ever to place directly in the hands of Congress the specific decision as to the maximum amount to be taken out of the Treasury for payment of the Government's bills in a given 12-month period.

Mr. Chairman, we are at a moment when for the first time in the history of this Republic, Members of Congress are being called upon to vote on an expenditure ceiling which covers the entire Federal Government. This kind of legislation has never been passed by the Congress during the history of the country.

This is an expenditure limitation which is all inclusive. It includes the Veterans' Administration. It includes the Defense Department. It includes the war in Vietnam. It includes interest on the national debt. It includes all expenditures. Nothing is exempt.

POTENTIAL REDUCTION EFFECT AND COMPARISON TO LAST YEAR'S CEILING

We have an expenditure limitation for fiscal year 1969 and we had an expenditure limitation of sorts in the prior year. But in the fiscal 1969 version we have a series of exceptions and exemptions. Indeed we exempted about \$99 billion of fiscal 1969 currently estimated expenditures.

The Congress reduced expenditures by about \$6 billion in the fiscal year ending on June 30. However, we did not reduce net expenditures of the Government significantly due to increases in exempted areas. In those areas where we had made exemptions, expenditure increases totaled approximately \$6 billion. That offsetting increase left a relatively slight net reduction in the January 1968 budget estimate of expenditures for fiscal 1969. On the other hand, except for our action last year, expenditures would no doubt have increased by several billions.

Mr. Chairman, at this point I include additional excerpts from the committee report comprising title IV of the pending bill with last year's ceiling and drawing attention to the reduction potential of the ceiling now proposed.

It is a rigid ceiling; it cannot be exceeded except upon action by the Congress. And as indicated above, the ceiling would decrease if congressional actions on the budget so provide.

It lays the basis for potentially very significant retrenchment in expenditures. If such a ceiling had been adopted—and strictly adhered to—over the last many years, billions of expenditures would have been avoided.

More specifically, taking all 14 budgets for the post-Korea fiscal years 1955 through 1968,

the projected expenditure totals in the original annual budgets were cumulatively exceeded by about \$60 billion. In 11 of the 14 years, the overruns aggregated \$53.3 billion. In 3 years, there were underruns aggregating \$3.5 billion. But overall for the 14 years, the government actually expended—for a variety of reasons—about \$50 billion more than the sum total of what was projected in the original budgets. That averages to about \$3.4 billion a year. So the potential is great, if the ceiling is adopted and adhered to.

Unlike the expenditure ceiling provisions enacted in the last session applicable to fiscal 1969, nothing would be exempt from the ceiling. Last year's ceiling provisions had a very significant impact on government spending in fiscal 1969. They significantly restrained the growth of spending that undoubtedly would have otherwise occurred. And on the latest figures, it seems beyond reasonable debate that in the absence of the ceiling provisions, a much needed budget surplus for 1969 would not now be in prospect. But even with the ceiling and the \$6 billion cutback Congress did not, by its actions, diminish the originally projected budget expenditure (outlay) total of \$186.1 billion.

It did prevent that total from being exceeded. And it did restrain growth of spending.

More specifically, Congress exempted 50%—\$92.6 billion—of the \$186.1 billion from the \$6 billion cutback, and expressly permitted overruns to the extent determined necessary in the exempted programs. Those overruns were reestimated in the April 15 budget review at \$6.1 billion. The overruns in exempted areas wiped out the \$6 billion cutback in non-exempt areas.

In its specific actions on the individual appropriation and other spending bills, Congress last year contributed roughly \$3.7 to \$3.9 billion (depending on variable calculations) to the \$6 billion overall cutback, leaving the remainder to be allocated by the Executive. The April 15 Review reflects a total cutback of \$7.3 billion from the original estimates for non-exempted areas. Offsetting this gross cutback are the \$6.1 billion overruns in exempted areas leaving a net estimated cutback, as of April 15 of \$1.2 billion from the originally projected total.

Thus the latest estimate of spending for 1969 is \$184.9 billion, \$1.2 billion less than the \$186.1 billion projected in the original 1969 budget. But it should be noted that about \$1.5 billion of the \$7.3 billion reduction now shown in non-exempted areas is not a cut in the more conventional sense, but rather financing adjustments because the Banks for Cooperatives, the Federal Intermediate Credit Banks, and the Federal National Mortgage Association secondary market operations, which were in the original \$186.1 billion budget total, subsequently became 100% privately owned and thus dropped from the Federal totals.

Of course, the \$7.3 billion reduction figure is a composite of the specific congressional actions, the financing adjustments, actual curtailments of outlays, and administrative reestimates of expenditures—both up and down—in many items as conditions changed. There are signs that further reestimates upward in certain programs will substantially diminish the \$7.3 billion figure and thus in turn the \$1.2 billion figure.

The ceiling proposed in this bill would afford opportunity for maximum flexibility within the overall total to meet, as fully as reasonably possible, changed and changing expenditure requirements in certain specific programs that cannot be foreseen with great precision. The new administration has variously indicated that it intends to seek, on a continuing basis, economies in operations and to look for lower-priority areas when it needs room for increases within its stated policy of strict fiscal restraint. An aggregate ceiling would be facilitating in this regard.

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Of course, the President can seek supplemental relief to meet necessary but unforeseen and unavoidable outlay increases which he finds cannot be accommodated within the overall total.

Setting a beginning ceiling in this fashion should in no way discourage the Executive Branch from its continuing commitment—and responsibility—for seeking to conduct the day-to-day management of government programs at the very minimum cost consistent with the public necessities, refraining from spending every dollar that can reasonably be saved. Constructive economy in public spending is not only a matter of legislative decision. It is also a matter of administration. The new administration has attached high priority to quality of performance in administering the government. Wasteful and needless expenditures often do not become so until funds are poorly managed. The primary burden of getting a dollar's value for every dollar justifiably appropriated to the purposes of government lies mainly with those who administer, not with those who legislate.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAHON. Mr. Chairman, I yield myself such time as I may require.

Now, there was a good basis last year for exempting agencies, but let me say to you that there is, in my judgment, based on presently available information, no good basis for exempting agencies this year. Last year, we were cutting the estimate of expenditures by \$6 billion and therefore we did feel some exemptions were desired and these exemptions were proposed. Then, of course, there were additional exemptions which were provided later. Last year, we proposed a cut in the estimate of expenditures, but in title IV of the pending bill, we are not proposing any cut in the estimate of expenditures. So it makes no sense to exempt the Veterans' Administration, or the interest on the national debt, or any other item. It makes no sense to exempt anything in this bill, because we are proposing an expenditure limitation or ceiling at the exact and precise limitations which have been estimated in the revised budget of the administration.

The budget this year ought to be more accurate in many respects that it was in many previous years, because ordinarily a budget is put into shape to a very considerable extent in the fall of the year preceding the year for which it begins, that is, the following January 1. However, we are now operating on an expenditure budget which was refined, redesigned, and reexamined since January 20. It is more up to date and should be more trustworthy. The revised budget of the administration on which this provision is based was submitted only a month ago.

So I hope we will not at this time yield to the temptation of trying to make any exemptions whatever.

THE ARITHMETIC AND MECHANICS OF THE PROPOSED CEILING

Mr. Chairman, let me hasten to add—and I realize this is a dull subject, but it is very important and will become increasingly more important—let me add that we will change this ceiling if we appropriate more money than was estimated for appropriation in the budget. In other words, if we increase appro-

priations and spending through appropriations, then this will be translated to the ceiling and increase the ceiling. If this year we were to do we did last year when we reduced the President's appropriation budget by about \$12 billion, that would be translated into an expenditure reduction amount not of \$12 billion but into the amount that would be spent in the forthcoming year, fiscal 1970. That might be half that sum or one-third of that sum or some other percentage.

This ceiling is mandatory; it is inflexible; it is the law of the land from which the executive branch cannot escape. The executive branch will of course have the authority to make adjustments within various programs and within those programs accommodate to better management and so forth. The administration can come to Congress and say, "Our estimates which we made as to spending last April have proved to be faulty and we would ask you to make certain adjustments to the ceiling." This would then be a matter for Congress to decide upon.

So, if we increase appropriations for various programs, then the budget ceiling will go beyond \$192.9 billion by whatever figure might be mandated by the increase.

Mr. Chairman, so that the Record will reflect more precisely how the ceiling would work, I include additional exploratory excerpts from the committee report:

THE ARITHMETIC AND MECHANICS OF THE CEILING

The ceiling begins by legislating a net reduction of \$2,372,000,000 in budget outlays projected for 1970 in the original (January) budget—from \$195.3 billion down to the \$192.9 billion April 15 revised projection of the present administration. But the gross ceiling reduction is \$4,020,000,000; this was offset by \$1.6 billion in the recent budget review by upward "corrections" in several specific projections in the original budget.

The \$4 billion cutback in outlays includes \$1.1 billion in defense, \$1 billion for a modification of the previously proposed \$1.6 billion increase in social security benefits, and \$1.9 billion for programs affecting almost every Federal agency.

In the April 15 review in which the \$4 billion cutback in outlays was projected the administration also proposed gross cutbacks of \$5.5 billion (\$4.2 billion, net after the "correcting" adjustments of \$1.3 billion) in appropriation and other budget obligational authority requests. \$3 billion of this is in defense and \$2.5 billion in all other areas of the budget. Budget obligational authority (appropriations, essentially) is the traditional basis on which appropriation and authorization bills are stated and voted on regardless of the year or years in which the funds are to be actually disbursed in the form of budget outlays.

The gross total for new budget authority for 1970 in the January budget is \$210.1 billion, and in the April 15 revision, \$205.9 billion—including so-called permanent budget authority, such as interest, trust funds, etc., which does not actually appear in the annual bills.

The Committee on Appropriations and several other committees have before them for consideration these revised appropriation requests and other budgetary recommendations for fiscal 1970. What Congress does in the bills dealing with these various budget authority proposals plus a handful of other proposals involving outlays but not budget authority basically determines what happens to the \$192.9 billion beginning ceiling in the accompanying bill.

For example, net reductions made through

the appropriation bills would translate into net downward adjustments to the \$192.9 billion figure. And in this general connection, some \$38 billion of the appropriation budget requests are first subject to processing through the various annual authorization bills.

In the area of proposed legislation for which the outlay budget includes specific sums, several have the effect of holding the outlay total lower than it otherwise would be. Several, of course, involve additional outlays. For example, if Congress does not enact the proposed postal rate increase, the outlay ceiling, according to the latest estimate available, would be adjusted upward by some \$600 million. This is because postal revenues are counted as offsets to expenditures, not as budget receipts.

If the budget proposal to authorize the Farmers Home Administration to make insured rather than direct operating loans is not enacted, the outlay ceiling, according to the budget, would be adjusted upward by \$292 million.

If the budget proposal for legislation to restrict public assistance medical aid for patients in mental institutions to 120 days is not enacted, the outlay ceiling, according to the budget, would be adjusted upward by \$126 million.

Several legislative proposals designed to diminish budget outlays by the Veterans Administration are priced in the outlay total to save some \$288 million in 1970. Failure of those, according to the budget figures, would be the basis for an equivalent upward adjustment in the ceiling.

These four examples aggregate \$1.3 billion. On the other hand, again for example, if the President's proposal for social security benefit increases is not enacted, the \$600 million (of the original budget amount of \$1.6 billion) in the revised budget outlay figure would not now be needed for that purpose, in which case the outlay ceiling would drop by \$600 million.

As to the mechanics for adjusting the ceiling, timeliness in accommodating government programs to congressional changes is essential to orderly administration. Congress will be processing budgetary recommendations in many different bills, passing through various legislative stages over a period of several months—virtually all after the fiscal year begins. And it seems essential in the interest of consistency and otherwise to center responsibility in one place for at least tentative determination of congressional action impact.

The Director of the Budget is probably in the best position to make such determinations. The monthly reports submitted by the Director under subsection (b) of the ceiling provision can be evaluated currently. They can be checked for consistency and reasonableness with tentative estimates frequently made through the budget "scorekeeping" reports of the Joint Committee on Reduction of Federal Expenditures and with those of the Committees on Appropriations. Amendatory action can be taken if that seems to be necessary in the circumstances.

AUTHORIZATIONS AND APPROPRIATIONS: THE KEYS TO SPENDING CONTROL

Mr. Chairman, for a long time, I fought along with others the so-called Bow amendment fixing a ceiling on expenditures, and I do not apologize for that. But, I have come to the conclusion that an expenditure ceiling can be meaningful, and that it will encourage greater focus of attention by Congress and the country and the press upon spending. But in embracing this idea of an expenditure ceiling as here proposed, I do not want us for any means to delude ourselves. The best means and the most appropriate and effective way to reduce Government

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spending is to hold the line on authorizations and appropriations. That is a lead pipe cinch method of holding down Government spending. It is the surest and the safest. In a limit on spending in a given fiscal year—and this would limit spending only for the fiscal year, 1 year, which begins on July 1—we do not rescind the money, we do not recapture the authority—we simply say that in fiscal year 1970 you cannot spend more than so much, but the funds which have been appropriated in prior years will remain available for expenditure. So by all means, the best way for us to achieve a reduction in the cost of Government and effective control of Government spending is to quit authorizing and appropriating so generously.

But, there are reasons other than those which I have stated for supporting an expenditure limitation. Government is growing bigger and more complex.

Now, let me give this figure which may shock some of the public, but which may not shock Members of Congress who are more aware of fiscal complexities.

If we should today appropriate all of the money and grant all of the authority requested by the administration in the pending budget in fiscal 1970 on July 1 the Government would have \$431 billion available for expenditure. But it is not now projected by the administration that more than \$192.9 billion will be spent. So, in this expenditure ceiling for the first time in the history of the Nation we are undertaking to say, "Yes, we fix the annual appropriations, but we are going a step further this year and are going to fix the annual expenditures." While we have previously authorized all the carryover funds involved, we by this limitation fix the overall rate of spending for a given year, namely fiscal year 1970.

This limitation, this ceiling, has been fixed in such a way that it ought to be, it seems to me, palatable to the rank and file of the Members of the Congress. We have drawn the limitation in such a way as to get, we hope, majority support.

Mr. Chairman, on the question of the most effective means of controlling spending, I include an additional excerpt from the report of the committee. It reflects a position long held in the committee:

While there are some grounds for doubt that the outlay (bill-paying) stage of the fiscal process is the most logical or the most effective point at which the Congress should seek to control government spending, an overall ceiling on outlays in a given year has some usefulness as a short-run regulating device, especially when the economic and fiscal situations are under great stress as at present. But there is room for great doubt that such a ceiling can realistically be regarded as an effective long-run control procedure.

As today is the consequence of yesterday, so tomorrow is the consequence of today. Legislative authorizations are the seedbeds of future expenditure growth. Initial authorization of a program or project is the beginning point in the legislative spending process. If the program or project, whatever it may be, is not authorized by the Congress, then no appropriation is in order. But the facts are that virtually every year new programs and projects are authorized, and old programs are often extended and expanded. Seldom are existing programs and activities

deauthorized via the basic legislative route. Fiscally, the cumulative result is increasing demands on the Federal Treasury.

In the long range sense as distinguished from any particular fiscal year, too much emphasis is attached to controlling growth of government spending by applying the control at the end of the spending process. It is more logically and effectively applicable at the authorization and appropriation stages.

Appropriations are not in order unless there is first a legislative authorization. No funds can be withdrawn from the Treasury but in consequence of valid authority granted by the Congress to first create an obligation in behalf of the Government. That is the key to the situation. The most consistently accurate barometer to future spending levels is the dimensions of budget authority enacted by the Congress to enter into obligations on behalf of the Government.

Authorize something new or enlarge an existing authorization and a request for new obligating authority is almost certain to follow.

Denial of authority to obligate precludes a subsequent expenditure.

Curtail the input of new appropriations (and other forms of obligating authority) and spending will come down.

Grant authority to obligate and the obligation inevitably will follow in due time.

Once the obligation is made and the bill comes due, the check to pay it (the outlay) must also inevitably follow in due time.

FLEXIBILITY OF THE PROPOSED CEILING

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Mr. Chairman, I direct the gentleman's attention to the report where it says that this will be the first ceiling ever to be placed directly in the hands of the Congress. This is what the committee says in the report.

Mr. MAHON. Yes. It would be the first overall ceiling placed in the hands of the Congress, and Congress can work its will, and what Congress can do today, of course, it can modify tomorrow.

Some have said that the ceiling ought to be inflexible on the Congress. If you make it a mandate on the executive, they ask, why not make it a mandate on the Congress? There is no power on earth to fix a ceiling or a limitation on expenditures on the Congress itself. What Congress can do today it can undo tomorrow.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. As the distinguished chairman of the Committee on Appropriations has pointed out, and as I understand the matter, we have set a spending ceiling at \$192.9 billion, about \$193 billion, which is exactly the Nixon budget, as a level.

We have set the ceiling at this level, which means spending cannot go beyond this amount, but if Congress takes action to increase the appropriations, by being a flexible ceiling, it goes up, or if the Congress fails to take action which is recommended in the budget it may go up or down, according to what the Congress does. The committee has set the budget at the Nixon level, but what may be the ultimate result will be dependent upon what Congress does in appropriations and in authorizations.

Mr. MAHON. The gentleman is correct. But this is going to be a limitation

which is not aimed at the administration itself, as the gentleman will agree.

Mr. EVINS of Tennessee. Certainly. Mr. MAHON. We have set for the last couple of years limitations of sorts, but they have not been passed this early in the year as this one would be, and they have been limitations predicated on cuts below the budget. Title IV of the pending bill is quite a different matter.

Mr. EVINS of Tennessee. If the gentleman will yield further, we are here setting a flexible limitation at the very outset on the Congress, which can be revised up or down, depending upon the actions of the Congress.

Mr. MAHON. That is correct.

I want to say this in defense of the administration, or of any administration: It is impossible for any administration to predict in January or April precisely what may be spent. It may be that the administration will find that certain adjustments cannot be made depending on the trend of events in the war, or otherwise, which might bring about a requirement for a change.

The administration of course would have the liberty, as it always does, to come before us with a supplemental—and the bill before us today is nothing but a supplemental presented to us by the present administration, the Nixon administration. It is a supplemental, and we inevitably have to have supplements at times though they must be avoided wherever possible.

Mr. EVINS of Tennessee. Would the gentleman point out further that this is a flexible ceiling—I mean, this is a flexible thing which can be revised up or down, depending upon the actions of the Congress.

UNEXPENDED CARRYOVER BALANCES AND THE DIMENSIONS OF ANNUAL ACTIONS

The gentleman further points out in his report to the unobligated and unexpended carryovers. I believe this is very significant, as found on page 122 of the report. It says:

For example, total unexpended carryover balances at the beginning of fiscal 1970 will approximate \$226 billion—

That is, \$226 billion of money unspent in carryovers from previous actions of the Congress:

Mr. MAHON. This \$226 billion figure may at first glance seem to be perfectly outrageous and a reflection upon the Congress in making available such large sums that will be carried over in the pipeline to the next fiscal year.

But much of this money is in social security funds that have not been expended.

Much of it is in military procurement programs.

Much of it relates to space and atomic energy and such things as I am about to relate in this unexpended category. It ranges over the whole Government, really.

For example, the Federal Deposit Insurance Corporation has about \$3 billion. It is not anticipated that this will be expended, but it is available for expenditure. It is an unobligated carryover.

For example, the Congress passed a bill granting riot insurance and flood insurance, and there are \$500 million—a half billion dollars—involved in this fund.

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In all probability they would not be expended, but they are within the \$226 billion. I shall elaborate on that question a little further in my remarks.

Mr. EVINS of Tennessee. Would the gentleman say that this is a moderate limitation? Some have thought that it is a very small limitation, and it should go further. Would the gentleman characterize his amendment as a moderate one?

Mr. MAHON. I would so characterize it, and I thank the gentleman. I would say it is a moderate one.

It may be too firm for the Director of the Bureau of the Budget. I can see why the Director may prefer not to have to live with this amendment. But it will help the Director of the Bureau of the Budget hold the line with the Government agencies and Government departments. If he gets into difficulty that is in any manner unavoidable, he can seek relief from the Congress.

There are also those who say it is meaningless, that it has no teeth, so it must be pretty good since we have opposition from both sides.

Mr. Chairman, under leave granted, I include further exploratory material from the committee report on the matter of carryover balances. And in this connection, I am inserting supplementary statistical material:

UNEXPENDED CARRYOVER BALANCES AND THE DIMENSIONS OF ANNUAL ACTIONS

The proposed ceiling provision, being all-inclusive, covers expenditures in fiscal 1970 from budget authority to be newly granted in this session; expenditures from so-called permanent appropriations that flow automatically from earlier laws; and expenditures from unexpended carryover balances of prior years. Very substantial portions of the \$192.9 billion beginning ceiling figure spring from each of these three general sources of expenditure availability.

For example, total unexpended carryover balances at the beginning of fiscal 1970 will approximate \$226 billion—about \$100 billion in social security and other trust funds and \$126 billion in Federal funds. But some \$77 billion of the \$126 billion of Federal funds will have been obligated for programs across the government but not yet actually paid out. The remaining \$49 billion, not obligated and not expended, is in many accounts across the government; there is a comprehensive and informative special analysis of it in the January budget, Special Analysis G, pp. 78-93.

But of the \$226 billion total beginning carryover, trust and federal funds combined, roughly \$86 billion is projected for expenditure (disbursement, that is) in fiscal 1970, and roughly that amount is thus counted in the \$192.9 billion ceiling figure. The remainder—some \$138 billion after a small lapse amount—becomes part of the total unexpended carryover projected into the following year, fiscal 1971.

Roughly then, it can be seen that only about \$107 billion of the newly projected outlay total for 1970 (\$192.9 billion, less the \$86 billion from carryovers) is estimated to come from the \$205.9 billion new budget authority requested or estimated for that same year of 1970. Funds appropriated in a given year are expended partly in that year and partly in subsequent years because of long lead-times, construction time, and other factors.

To put the relationship of budget authority and outlays in some better focus by way of extreme illustration, if the whole \$205 billion of new budget authority for 1970 failed, the expenditure outlay reduction in 1970, based on the budget, would be only

\$107 billion. The remainder would be an expenditure avoided in subsequent years.

But to put the picture in sharper focus, it must be noted that Congress does not annually act on anywhere near the entire new budget authority total. Some of it is in the form of requests and some of it is in the form of estimates. Roughly \$66 billion, net, of the new budget authority total is estimated to go on the books in 1970 automatically—so-called permanent appropriations—under earlier laws, mainly trust funds, interest on the debt, and several others. The other \$139 billion goes through the annual bill process—mostly the appropriation bills—but it involves projected expenditures, as to 1970, of roughly only \$90 billion, more or less which means that Congress, in the various annual bills, normally deals with new budget authority amounts that, in total, relate to less than half of the budget outlays projected for that same year. As noted, more than half of budget outlays in a given year now derive from carryover balances and from new budget authority that goes on the books automatically under various permanent appropriation arrangements enacted over the years.

The size of the unexpended carryover pipeline, of course, depends on what is put in and what is taken out. Addition of more new budget authority than is expended in a year increases the pipeline. During fiscal 1970, based on the recent budget projections, the total unexpended pipeline would increase from \$226 billion to \$237 billion, but all of the increase is more than accounted for in trust fund accumulations of balances. In Federal funds, there is a drop of \$1 billion, from \$126 billion to \$125 billion. Depending on congressional actions, this could drop further.

CONTROLLABLE VERSUS UNCONTROLLABLE EXPENDITURES

All expenditures are, of course, controllable by the Congress. All expenditures are controlled by Congress, because they flow from laws enacted by Congress. But as a very practical matter, not all are subject to effective discretionary control through the normal annual budget and appropriations process.

Very considerable expenditures arise from so-called permanent appropriations that do not pass through the annual appropriation

bills. Interest on the debt and trust funds are examples.

Several programs that do pass through the annual bill process involve mandated-type expenditures fixed in basic law, which unless changed through legislation operate as a practical limit on the discretionary power to control them annually. Veterans pensions and public assistance matching grants are examples.

Payments for prior year contracts and obligations falling due cannot effectively be avoided. These run across the whole government.

There are a number of others. The January budget classifies some \$98 billion, or about half of the 1970 outlay budget, as "relatively uncontrollable civilian outlays under present law." The figure for the April 15 budget review under this classification is \$100 billion, meaning that better than half of the outlay budget for the year is not, as a practical matter, subject to the normal discretionary powers of appropriation without changes in the basic laws that more or less ordain them.

Similarly, though the makeup in detail does not exactly correspond, in the \$6 billion cutback provision of the Revenue and Expenditure Control Act last session, Congress exempted from the ceiling and from the cutback, programs involving about half of total outlays, in effect recognizing their relative uncontrollability without changes in the basic laws applicable or other compelling circumstances giving rise to them.

Looking at the matter in terms of increases rather than totals, about 75% of the outlay increase, 1970 over 1969, projected in the January budget was in these so-called relatively uncontrollable items. The proportion applicable to the \$8 billion outlay increase, 1970 over 1969, projected in the new administration's budget review is even greater.

The outlay ceiling proposed by the committee for 1970, while rigid and all-encompassing, does not and cannot of course come to grips with these fundamentals of basic laws. But by covering both controllable and "uncontrollable" outlays, it will focus on the total, and keep it in focus.

It will tend to force attention on possible alternatives and substitutions when upward pressures are exerted on the ceiling.

It will keep the hands of Congress on it.

TABLE 8.—BALANCES OF BUDGET AUTHORITY (FROM THE JANUARY 1969 BUDGET FOR FISCAL YEAR 1970)
(In millions of dollars)

Department or other unit	Start 1968		End 1968		End 1969		End 1970	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Funds appropriated to the President:								
International financial institutions.....	1,004	6,447	1,226	6,427	1,591	6,633	1,880	6,633
Military assistance.....	2,114	2,764	1,804	2,468	1,737	2,393	1,767	2,193
Economic assistance.....	3,790	860	3,685	690	3,248	391	3,364	622
Office of Economic Opportunity.....	1,140	6	982	8	1,018	5	1,207	6
Other.....	345	112	645	111	563	—87	578	—180
Agriculture.....	5,446	2,749	5,562	2,680	6,464	2,111	6,869	2,177
Commerce.....	973	225	1,086	258	1,241	209	1,254	122
Defense—Military.....	32,077	15,116	30,884	14,829	32,818	11,594	35,055	10,970
Defense—Civil.....	302	248	345	247	441	158	496	50
Health, Education, and Welfare.....	6,403	28,043	7,820	30,778	8,669	35,729	8,908	42,756
Housing and Urban Development.....	6,674	14,462	8,254	14,743	7,050	13,495	8,076	12,139
Interior.....	845	609	947	612	1,141	359	1,175	234
Labor.....	495	10,790	498	11,919	478	12,709	656	13,680
Transportation.....	7,271	3,409	7,286	4,154	8,531	4,679	9,070	5,102
Treasury.....	102	26	103	24	87	25	94	22
Atomic Energy Commission.....	1,138	320	1,115	385	1,563	56	1,486	56
National Aeronautics and Space Administration.....	1,820	313	1,616	878	1,624	118	1,552	(*)
Veterans' Administration.....	1,034	8,139	1,030	8,763	1,120	8,341	1,181	8,387
Civil Service Commission.....	642	17,690	701	18,505	834	20,522	981	21,936
Export-Import Bank.....	2,367	3,749	2,995	2,687	3,638	2,387	4,585	1,026
Federal Deposit Insurance Corp.....	248	3,468	61	6,590	281	6,870	297	7,176
Federal Home Loan Bank Board.....	30	3,468	61	3,697	33	4,033	17	4,447
Railroad Retirement Board.....	112	4,240	127	4,375	130	4,525	137	4,596
Other agencies.....	2,195	4,740	2,306	6,804	2,494	1,985	2,694	1,521
Allowance for contingencies.....					50		200	
Total balances.....	78,567	134,864	81,336	142,142	86,844	139,238	93,597	145,616
MEMORANDUM								
Federal funds.....	69,839	54,095	72,043	54,988	77,410	49,090	83,301	44,986
Trust funds.....	8,728	80,769	9,293	87,154	9,434	90,148	10,278	100,630

Less than \$500,000.
Note: Totals slightly revised in table that follows this table.

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BUDGET REVIEW OF APRIL 15, 1969—CHANGE IN UNEXPENDED BALANCES

[In billions]

	January budget			Budget review estimate		
	Federal funds	Trust funds	Intragovernmental transactions	Federal funds	Trust funds	Intragovernmental transactions
Unexpended balance, June 30, 1968	127.0	96.4	—	127.0	96.4	—
1969 Budget authority	148.8	53.3	—7.5	149.9	53.3	—7.5
Expiring authority in 1969, etc.	—1.2	—7.1	—	—1.2	—7.1	—
Less outlays	148.2	43.0	—7.5	149.5	42.9	—7.5
Estimated unexpended balance, June 30, 1969	126.5	99.6	—	126.2	99.8	—
1970 Budget authority	158.2	60.0	—7.9	154.3	58.5	—8.0
Expiring authority in 1970, etc.	—1.7	—	—	—1.7	—	—
Less outlays	154.7	48.4	—7.9	153.8	47.1	—8.0
Estimated unexpended balance, June 30, 1970	128.3	110.9	—	125.0	112.2	—

BUDGET AUTHORITY

[Fiscal years, in billions]

Description	1968 actual	1969 estimate	1970 estimate
Available through current action by the Congress:			
Previously enacted			
Proposed in this budget	\$134.4	\$128.9	
To be requested separately:			\$134.4
For supplemental requirements under present law		4.5	0.1
Upon enactment of proposed legislation		0.2	1.2
Allowances:			
Civilian and military pay increase			2.8
Contingencies			0.4
Subtotal, available through current action by the Congress	134.4	133.6	138.9
Available without current action by the Congress (permanent authorizations):			
Trust funds (existing law)	47.8	53.5	59.1
Interest on the public debt	14.6	16.3	17.3
Other	5.4	5.4	4.3
Deductions for offsetting receipts:			
Interfund and intragovernmental transactions	—6.9	—8.7	—9.2
Proprietary receipts from the public	—4.7	—4.3	—4.5
Total budget authority	190.6	195.8	205.9

ESTIMATED EXPENDITURES (BUDGET OUTLAYS)
FISCAL YEARS 1969 AND 1970

Mr. Chairman, we have been referring to the beginning ceiling figure of \$192.9 billion, representing budget outlays projected by the administration in its budget review of April 15. I include a table based on figures in that review, showing a breakdown by departments and agencies of the \$192.9 billion:

TABLE 8.—BUDGET OUTLAYS, 1969 AND 1970
[In millions of dollars]

Agency	1969 current estimate	1970 revised estimate
Agriculture	8,409	7,197
CCC	(5,492)	(4,482)
Commerce	872	1,079
Defense—military and military assistance	78,400	77,903
Corps of Engineers	1,192	1,159
Health, Education, and Welfare	46,259	50,551
Trust funds	(32,981)	(35,324)
Housing and Urban Development	2,017	2,823
Interior	889	830
Justice	517	730
Labor	3,503	3,690
Unemployment trust funds	(2,749)	(2,866)
Post Office	929	412
State	434	428
Transportation	6,211	6,753
Treasury	16,603	17,559
Interest on the public debt	(16,300)	(17,300)
Atomic Energy Commission	2,451	2,504
General Services Administration	413	407
NASA	4,247	3,897
Veterans' Administration	7,719	7,554
All other:		
Foreign economic assistance	1,925	1,760
Office of Economic Opportunity	1,880	1,870
Other agencies	5,136	6,538

TABLE 8.—BUDGET OUTLAYS, 1969 AND 1970—Continued
[In millions of dollars]

Agency	1969 current estimate	1970 revised estimate
Allowances for:		
Civilian and military pay increases		2,800
Contingencies		200
Undistributed intragovernmental transactions	—5,105	—5,745
Total	184,901	192,899

Note: Detail may not add due to rounding.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the distinguished gentleman from South Carolina (Mr. RIVERS), chairman of the Committee on Armed Services.

MILITARY SPENDING PROGRAMS

Mr. RIVERS. Mr. Chairman, I wonder if the gentleman realizes that the Congress is not acting—but that we are reacting. The gentleman knows, of course, that whenever we get ready to reduce expenditures, everybody looks to the military.

Now you have the terrible situation of the people assigning the worst sort of conduct and motives to the so-called military-industrial complex. I am sure the gentleman knows that on Mr. McNamara's procurements for ships there was a cost overrun and Secretary Pack-

ard tells me that it will be an overrun of \$100 million.

This morning and on Thursday we are trying to find out what caused an inaccurate estimate—it is not all overrun—on the C-5A aircraft. There are a number of factors involved. The gentleman knows as well as I do that this Congress has not got the courage to stand up here and stop some of these crazy programs that we have, for instance, the Job Corps and the OEO and a lot of these things we are spending money on all over hell's half acre. But they will go to the military and cut them to smithereens. This is what it is coming to.

We have inaccurate estimates all over the lot in the military and when you superimpose that on the escalation caused by the increased cost of living, our military is going to come up short and we are going to have half a defense.

It would be far better to abolish certain items for the military and come clean with the American people and say, "We do not want you to have the Polaris program—we do not want you to have new bombers—even though the B-52's are 15 years old. We do not want you to modernize your navy yards. We do not want you to have a good merchant marine program. We do not want you to go on with the new fighter needs that were denied us under the McNamara programs. We do not want you to have a moon shot."

This is where these things are coming to. That is the weakness of provisions such as the one to which the gentleman referred. Why do we not cross each bridge at the time we come to it?

Mr. MAHON. That is what we propose to do. We will cross each bridge at the time we come to it as each appropriation bill is before us, or each bill from a legislative committee which mandates certain expenditures is before us. Action on these bills will in effect maintain, or lower, or raise the expenditure ceiling.

Mr. RIVERS. We probably hold longer hearings in our committee than any committee of the Congress. We have a number of subcommittees going now. They are trying their best to save money. The distinguished chairman's committee, in its wisdom, has acted, and I would like to say that if there is anyone for whom I have a higher regard than the chairman of the Appropriations Committee, I have not found him. But let me say this: We cannot approach it in the manner proposed with any degree of accuracy. We cannot have all the programs. I have enumerated unless we have sufficient funds. I am afraid we are going to come up short in our commitments to our own people, and to the security of America and our commitments with whatever other friends we have, if we have any.

I want the gentleman to know that I do not agree with this approach. We should act on each program instead of reacting to the entire budget. The Constitution specifically provides that the one arm of our Government that has the direct responsibility of the Congress is the military. Yet we are neglecting this responsibility by provisions of the sort

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proposed, and I am afraid it is a mistake.

Mr. MAHON. According to the estimates—and we are, for the time being, accepting the expenditure estimates of the administration—the military will expend about \$78 billion this fiscal year and a similar amount for next year. The full amount so estimated for next year—fiscal 1970—is provided for in the proposed spending ceiling in the bill before us.

If our military people, those with stars on their shoulders and those in civilian capacities, will run the Defense Department in a businesslike and efficient way, I would think that sums available and in prospect would be adequate. I would hope that the sums are more than adequate.

One of the things that disturbs me is that there have been so many mistakes made by the military. This has tended to generate a lack of confidence. I grant that the problems have been of great magnitude and complexity.

Let me say that I have confidence in the military. I do not have unlimited confidence in their managerial ability.

Mr. RIVERS. I do not know anybody who does.

Mr. MAHON. Let me give an example. I joined in cutting the military budget \$5 billion plus, last year. I am not beholden to any department of this Government. I want to make that clear. I am sure the gentleman from South Carolina shares this attitude completely.

With respect to management, just think of the humiliation we suffered a few days ago when the Navy, through neglect, let a submarine in a Navy shipyard go to the bottom. And what is that going to cost us? \$25 million. Of course, if we are going to let the defense dollar go down the drain in any such irresponsible manner as that, it would not be possible to supply the military with adequate funds.

I would say this: I have confidence in the administration and feel that expenditures in the military area will not be cut without any regard to the welfare of the country. I am aware that the Secretary of Defense served on the Committee on Appropriations of the House and the Defense Subcommittee for many years.

I cannot think of him in a role of an appeaser or a nonspender when it comes to necessary defense expenditures. So I would say, let us take the Pentagon at its word as a starting point on the amount of funds needed. When our hearings on defense programs are completed we can reduce or increase the budget figure and the final figure agreed upon by Congress and enacted into law will determine what can be spent in fiscal 1970.

Now, before I yield to my good and distinguished friend, my able colleague, let me say that I believe in the ABM. I believe in a strong military program. I deplore the low estate in which the military finds itself. I want to see confidence restored in this area. We need to have respect and to have reason to have respect for all departments and branches of Government.

I yield to the gentleman from South Carolina.

Mr. RIVERS. Mr. Chairman, the gentleman gave wings to the very things I was talking about. I do not wear anybody's collar either. I am looking for encomiums, and I do not get them around Washington, as the gentleman knows.

I want to say this, that the military now has reached deplorable conditions. We have 60 percent of our fleet which is not fit to live on or in because someone budgeted too low. The chairman has not heard the last of the results of McNamara's systems analysis crowd. We have not heard the last of that. They are bringing disrespect and derision on military men who have not made a decision over there since McNamara darkened the doors of the Pentagon. We have deficits coming up day in and day out, day in and day out, over which the military men had no control.

We cannot think we can just put a hard, hidebound ceiling on any kind of restrictions and think we can let each tub sit on its bottom. That is, in my opinion, a mistake.

Mr. MAHON. There are some leaks in Government tubs and we are trying to close some of them.

Mr. RIVERS. I do not deprecate the efforts of the chairman, but I am sure an enlisted man did not pull the seacock on that submarine. It could have been sabotaged.

Mr. MAHON. I do not know who is responsible, but the Navy should find out who is responsible and see that he is adequately disciplined. If they want to gain higher respect, this kind of action must be taken.

Mr. RIVERS. I agree. We must restore responsibility in the military—and then hold them responsible. And let me tell the chairman, our committee is going to investigate that incident and, for whatever it is worth, we are going to report to the Chairman on this.

THE SO-CALLED PEACE DIVIDEND IN FEDERAL FUNDS

Mr. MAHON. Mr. Chairman, I thank the gentleman. The chairman of the Armed Services Committee has made a statement which makes it appropriate at this time for me to discuss a further situation.

Many of the programs and ships and weapons of the military are obsolete or are becoming obsolescent. There is no doubt of that. Large programs are going to be necessary to outfit the Navy and the other services with modern ships, aircraft, and other weapons. Defense spending is not going to toboggan downward when the war ends in Vietnam. There will be reductions but the costs will remain high.

Military spending is going to have to remain high because survival is the first law of nations. It is inescapable that the military programs are going to remain high and we are going to have to support them. That is one of the reasons we want a better job done by the military—by civilians and those in uniform—in order that we may get more for the dollar.

But those who are writing in the papers and saying in their speeches, "Wait

until the war is over, and then we will have unlimited resources for all the social programs," are too optimistic. Some seem to think that Secretary Finch will have all the money he wants for education, for health, and the poor, and the Secretary of Housing and Urban Development will have all the money he wants to for housing and related needs.

That is incorrect. They are not going to have all the money they want. There is not enough money in the Nation to meet all these demands.

Besides that, money is not the only answer in defense, and it is not the only answer in our social programs. I think it is a little bit cruel for us to make statements which would lead the cities and the mayors and the poor and others to believe that when the war is over we will have unlimited funds for all purposes which may be desired. We just will not have that kind of money, and let us tell the people that now.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Iowa.

SUPPLEMENTALS FOR INTEREST SUBSIDY PROGRAMS

Mr. SMITH of Iowa. Mr. Chairman, the gentleman said he does not want any exceptions to his limitations provision but, in fact, by not including some of the practices or programs under the limitation, there are exceptions. For example, there is no limit on the amount that they can obligate for interest subsidies. And now it is proposed, instead of having current expenditures within the fiscal year for a direct loan program and grants for college facilities, they will have a program to pay only \$11 million this year and obligate us for \$440 million, which does not show up in this year's budget. So in effect the limitation is no limitation so long as that is permitted, is it?

Mr. MAHON. I wish the gentleman would let his own statement stand as he made it. I am not quite sure of the import of the statement.

Mr. SMITH of Iowa. But it does not limit them from obligating us to pay for the next 35 years under these programs.

Mr. MAHON. Oh, I see what the gentleman means and his point is well taken.

I call the attention of the gentleman from North Carolina (Mr. JONAS) to this matter. Under the housing programs there is a provision in the bill providing authority for \$80 million for subsidies for 1 year. We provide a certain amount for 1 year, but when we do this we obligate ourselves for 40 years.

I believe the gentleman from North Carolina has tabulated the total amount of money in these housing programs that will be mandated as a result of this bill if we pass it. Will the gentleman give that figure?

Mr. JONAS. If the gentlemen will yield, it will be 40 times 80, and that is \$3.2 billion we will be obligating the taxpayers to pay over the 40-year period.

I remind the chairman that already in this fiscal year, we have provided \$50 million for those two programs, so we have to add that to the \$3.2 billion. You

will find in these two programs, sections 235 and 236 of the housing law as amended, we will be obligating the taxpayers of this country to the amount of \$5.2 billion over the 40-year period.

Mr. MAHON. About \$5.2 billion. It looks very minimal when one looks at the bill, but when one looks at the costs which we are obligated to pay over 40 years it is about \$5.2 billion.

Mr. JONAS. Mr. Chairman, will the gentleman yield further?

Mr. MAHON. I yield.

Mr. JONAS. This has been said, but needs to be emphasized. This spending limitation does not purport to remain in effect beyond next year. It is only for 1 year; is that not true?

Mr. MAHON. It is only for 1 year. It might be for only 30 days, if we change it, but this is not proposed for more than 1 year. Next year we can do something similar with respect to fiscal 1971 if we so determine.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Illinois.

Mr. MICHEL. If I might make a further point with respect to the institutions of higher learning and their construction needs, there is \$3.9 million in this bill for interest subsidy, which will construct \$145 million worth of college facilities. If you do not want that, then just wipe out the interest subsidy. It all depends on how much we appropriate in this bill for the interest subsidy, as to where that ceiling goes.

As the gentleman from North Carolina says, this is an expenditure ceiling for just the 1 year, not for 30 or 40 years.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. This illustrates my point very well. If they get the \$3.9 million interest subsidy, they will withhold the \$150 million already appropriated for direct loans. That \$150 million would be under the limitation, whereas the \$3.9 million is all of the \$145 million that shows up in the fiscal year. This is a big loophole.

Mr. MICHEL. It is not a permanent loophole if you choose to use that word. It is effective only for this year.

What we are saying is that since we are in such a bind, instead of a direct appropriation of \$145 million for direct loans let us do it by the interest subsidy route, and finance the balance through the private sector.

SCOPE OF PROPOSED EXPENDITURE CEILING FOR 1970

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Texas.

Mr. DE LA GARZA. I should like to commend the gentleman from Texas for a most interesting and enlightening statement. I should like to ask a question on a problem I have dealing with appropriations.

An item in my district which was necessary was not included in the Nixon budget. Under this limitation would it preclude the Nixon administration from

amending the budget and providing an item that is not in the present budget?

Mr. MAHON. There is nothing in this limitation that would preclude the Nixon administration from amending the budget and placing the item in it. There is nothing in this limitation which would preclude Congress from providing the funds for the unbudgeted items. So there is nothing inflexible insofar as the gentleman's problem is concerned in the resolution now before us.

Mr. DE LA GARZA. Therefore, if I understand the gentleman correctly, the limitation goes only to the amount and the Congress can act independently or the executive can revise its budget. Is that what the gentleman stated?

Mr. MAHON. I think the point is clear.

Mr. DE LA GARZA. I thank the gentleman.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. I do not think this is such a novel approach. The Congress considered it before and in effect we have done it before.

Mr. MAHON. I believe we have never done it before. I will say to the gentleman. Not quite.

Mr. ROGERS of Florida. I think we have put a limitation in effect before when we put a limitation, for instance, on the national debt. In effect, we said that there was a limitation on the borrowing budget.

The gentleman will recall that the Hoover Commission recommended and this Congress debated the proposal that limitations on spending be placed upon each governmental department. In other words, taking the overall limitation which you are now proposing and breaking it down. The reason for the spending limitation was that the Congress could then control the expenditure budget, which we do not now control. All we can do here is appropriate the money, and the executive controls the rate of expenditure. The Hoover Commission's proposal, which you are proposing to carry out now, was to put a limitation on what the Congress itself might control. It does not mean that you cannot vary that figure if conditions change which call for it. Congress can vary it. But it is a restraint on additional spending. It also advises the Congress, the way it was originally proposed, and if there were slippages, we could find out why there were, and if there were overages proposed, we could find out why. So it is not so novel.

Mr. MAHON. The gentleman in effect is in favor of the limitation?

Mr. ROGERS of Florida. I certainly am. And I think it should be done even more. We should do it on each department. I wish the chairman had agreed some years ago, along with some other members of the Committee on Appropriations, to place expenditure limitations on Government departments because we could have been doing it all these years and prevented a great deal of the wild spending that we have had.

I thank the gentleman for yielding.

Mr. MAHON. My friend is entitled to

his views. The ceiling should help but holding down authorizations and appropriations is the surest way to cut spending. No one can predict just what Congress will do, but I hope that the proposal here will be well supported by the House and by the other body.

COMPARISON OF TITLE IV OF PENDING BILL WITH THE LEGISLATIVE BUDGET PROPOSAL IN THE 1946 REORGANIZATION ACT

Mr. Chairman, in elaboration, may I add that the discussion recalls the efforts of the Congress, some 22 years ago, to enact a legislative budget, an important and really key feature of which was to put a ceiling on Government spending. I think it might be useful to insert an analysis comparing that effort with title IV of the pending bill:

By proposing a ceiling on the aggregate of government spending for fiscal 1970, title IV of the pending bill would secure something of what the framers of the legislative budget plan in the 1946 Reorganization Act had in mind, but which Congress in fact never accomplished. It would be useful to recall briefly what that plan was about, refer to the experiences in attempting to carry it out, and make some note of the similarities and dissimilarities between the provisions of the 1946 plan and title IV of the pending bill.

THE 1946 LEGISLATIVE BUDGET PLAN

The legislative budget plan was spelled out in the 1946 law. It is now a part of Rule XLIII of the Rules of the House, and reads as follows:

"(a) The Committee on Ways and Means and the Committee on Appropriations of the House of Representatives, and the Committee on Finance and the Committee on Appropriations of the Senate, or duly authorized subcommittees thereof, are authorized and directed to meet jointly at the beginning of each regular session of Congress and after study and consultation, giving due consideration to the budget recommendations of the President, report to their respective Houses a legislative budget for the ensuing fiscal year, including the estimated over-all Federal receipts and expenditures for such year. Such report shall contain a recommendation for the maximum amount to be appropriated for expenditure in such year which shall include such an amount to be reserved for deficiencies as may be deemed necessary by such committees. If the estimated receipts exceed the estimated expenditures, such report shall contain a recommendation for a reduction in the public debt. Such report shall be made by February 15.

"(b) The report shall be accompanied by a concurrent resolution adopting such budget, and fixing the maximum amount to be appropriated for expenditure in such year. If the estimated expenditures exceed the estimated receipts, the concurrent resolution shall include a section substantially as follows: 'That it is the sense of the Congress that the public debt shall be increased in an amount equal to the amount by which the estimated expenditures for the ensuing fiscal year exceed the estimated receipts, such amount being \$-----'."

In other words, the joint committee, after study of the budget and consultations otherwise, was to bring in, early in the session, a concurrent resolution proposing an expression of the judgment of the Congress as to the probable budget revenues for the coming fiscal year and fixing a maximum budget expenditure goal for the year.

There was nothing mandatory or compelling about any ceiling so fixed upon.

It was not an enactment requiring approval of the President.

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It was to be not a binding statute but only a target for the guidance of the Congress in processing the spending and revenue bills.

It was not directed to the Executive spending agencies, but only to the Congress. In its individual actions in the appropriation and the other spending bills, and on the revenue side, Congress could either hew to the disciplines implicitly suggested by the ceiling thus set, or it could ignore the ceiling.

In the first effort—in 1947—to put the plan into effect, both Houses adopted a concurrent resolution. The House proposed an overall cut of \$6 billion from projected fiscal 1948 budget expenditures. The Senate proposed a \$4.5 billion reduction. The conferees did not resolve the differences and the resolution died in conference. Thus no target ceiling was set.

The next year, Congress, on February 27, 1948, did adopt such a concurrent resolution with respect to fiscal 1949, setting—for itself—the goal of a \$2.5 billion reduction in budgeted expenditures by expressing the judgment, "based upon presently available information", that * * * "expenditures during such fiscal year shall not exceed 37.2 billion dollars * * *".

Actual budget expenditures in fiscal 1949 were \$40 billion; they exceeded the target by \$2.8 billion, in effect wiping out the reduction goal of \$2.5 billion. They exceeded the original budget projection of \$39.7 billion by some \$300 million.

In 1949, a move was made to set the date for action on the legislative budget for fiscal 1950 back from February 15 to May 1. Nothing further happened. Nothing further has been done in direct response to the legislative budget plan.

Many post-mortems have been rendered on the experiment. It was said that the joint committee of 102 members was unwieldy.

It was said that the time limit of February 15 was too short.

It was said that to name an expenditure reduction total in advance in the manner proposed approximated a court rendering a verdict without evidence. It was said that to vote for a blanket reduction in advance of hearings and consideration of the individual budget proposals was a vote to cut without knowing what is to be cut, how much is to be cut, or where the cut is to be made.

It was said that no legislative budget, logically premised, could precede a detailed study of the estimate.

The majority report accompanying the first concurrent resolution submitted to the House in February, 1947, suggesting the goal of a \$6 billion cutback, had this acknowledgment:

"Of course, if the accompanying resolution be adopted there is no commitment as to any reduction in specific items contained in the budget. The resolution expresses an overall objective and its realization depends entirely upon the final action of the Congress upon budget estimates, individually and collectively."

THE 1946 PLAN AND TITLE IV—SIMILARITIES AND DISSIMILARITIES

There are a number of basic differences between the 1946 plan and title IV. There are also some similarities.

Of course, title IV does not deal with the revenue side. The 1946 plan did. But Congress knows what the revenue estimates of the Executive Branch are—although it should be noted that an up-dating of the January figures are needed; the April 15 budget review of President Nixon dealt only with appropriations and spending, not with revenues. The budget surplus of \$5.8 billion projected by President Nixon is subject to revision on that account.

Perhaps the most basic difference between title IV and the spending ceiling in the legislative budget resolutions of 1947 and 1948 is that title IV would legislate a rigid ceiling into law, whereas the earlier resolutions merely sought to set a goal against

which Congress would work in its actions on the various spending bills.

The earlier "ceiling" was not really a ceiling because it was not enacted as a law and was not binding on either Congress or the Executive. Title IV would set a binding statutory ceiling. The ceiling figure, insofar as congressional decision is concerned, is a beginning, not an ending figure. But whatever figure Congress would wind up setting, that would become a maximum on the Executive Branch, changeable only by subsequent action of Congress. That was not the case in the 1947 and 1948 efforts.

Unlike the earlier efforts which sought to declare at the beginning that the spending budget "should" be cut by not less than a pre-determined, arbitrary amount but which was cast in such a way as not to ensure it, title IV would not impose any reduction in advance—either as a "goal" for Congress or as a "ceiling" that would leave to the Executive the allocation of an arbitrary cut to specific agencies and programs.

Unlike King Canute who commanded the tide not to come in but was powerless to ensure it, title IV, unlike the earlier efforts "commands" that expenditures shall not exceed a certain sum and carries the mechanism to ensure the result. Of course, Congress can change tomorrow what it decides today, but that power, as to expenditures, is reserved to Congress by title IV.

Unlike the earlier effort, nothing in title IV calls on Congress to vote for a reduction—either as a "goal" or a "ceiling"—below the President's announced spending budget in advance of individual item consideration. The mechanism is there to adjust the initial ceiling figure—up or down—to comport with what Congress decides on each spending bill and proposition.

Not unlike what the majority report—quoted above—said about final results under the 1947 resolution "goal", what happens under title IV (which adopts the budget figure as a starting point)—"depends entirely upon the final action of the Congress upon budget estimates, individually and collectively".

Like the words used in both the 1947 and 1948 resolutions, title IV is "based upon presently available information". The legislative budget effort was based on the initial budget. Title IV is also based on the initial projection of the new administration.

Like the earlier efforts, title IV encompasses expenditures from unexpended carryover balances of previous appropriations as well as expenditures from appropriations to be newly enacted in this session for fiscal 1970.

And unlike the noble but ineffective and impractical plan of 1946, title IV is a proposal logically based and practical of operation. If adopted and adhered to, it will not only focus on the total of government expenditures, but will keep the hands of Congress on the total. And the potential for retrenchment in expenditures is considerable.

CONTRIBUTIONS OF MILITARY PROGRAMS AND LEADERS

Now, Mr. Chairman, I wish to return to a matter I mentioned earlier, which is the business of military spending.

As I said in the colloquy with the gentleman from South Carolina (Mr. RIVERS), I believe in military strength. I believe we can negotiate with the Soviet Union better if we have military strength. I believe our main opponent in the world is not Korea or North Vietnam but the Soviet Union and Red China. I think we have to keep ourselves militarily strong. I do not think we ought to permit those to succeed who are trying to destroy the image of our civilian and uniformed military personnel. It is true our military

establishments have prevented world war III, which was and is the great catastrophic threat that has confronted us since World War II. Our military have won their wars insofar as they were able to do so under all of the facts and circumstances which pertained.

They have reflected great credit upon this country and they have also shown some considerable managerial ability.

It was Admiral Raborn who headed up the Polaris program. In this Polaris program he demonstrated leadership that was incomparable.

It was Admiral Rickover who headed up the development of the atomic submarine program. He has performed a magnificent job in that field.

It was Gen. Ben Schriever who headed up the intercontinental ballistic missiles program of the Air Force.

Many good jobs have been done. There are countless examples of success by our military and civilian leaders. We cannot look only at shortcomings. We must look at the successes also, and we have reason to be proud.

Mr. Chairman, I have taken more time than I had anticipated but I believe it has given the members of the committee an opportunity to propound certain questions about programs in which they are interested.

UNEXPENDED CARRYOVER BALANCES

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield.

Mr. MAHON. I yield to the gentleman from Tennessee.

(Mr. EVINS of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. EVINS of Tennessee. I alluded earlier to unexpended carryover balances. The report reflects \$226 billion. I will ask if it is not correct that this \$226 billion unexpended carryover balance, if added to the Nixon budget request for new spending authority of \$205 billion, would not make a total of \$431 billion available for expenditure if the Nixon budget were approved as submitted?

Mr. MAHON. This is right. This \$431 billion would be, technically, available for expenditure in 1970. If we adopted the appropriation or obligational budget proposed by the President, there would be about \$431 billion available in fiscal 1970. But this requires a lot of understanding and analysis before it is intelligible to the average citizen. It is a very complex matter.

Mr. EVINS of Tennessee. If the gentleman will yield further, it is a very flexible budget and it is not really putting a crimp on the Bureau of the Budget the \$192.9 billion spending figure is the full amount projected by the Nixon budget review.

Mr. MAHON. I thank the gentleman for his contribution.

(Mr. BOW (at the request of Mr. JONAS) was given permission to extend his remarks at this point in the Record.)

Mr. BOW. Mr. Chairman, H.R. 11400 is the usual supplemental appropriation bill which we have each spring for those items not provided for in our regular appropriations bills approved during the preceding calendar year.

Overall, I think this is a good bill. The committee considered appropriation requests totaling \$4.3 billion, and approved appropriations of \$3.8 billion, thus we cut almost \$600 million below the requested amount. Moreover, the \$4.3 billion request was reduced some \$250 million by the Nixon administration under the amounts requested in the Johnson budget before we considered the request.

While I shall not repeat the detail presented by our distinguished chairman, the gentleman from Texas (Mr. MAHON), I do want to point out that of the \$3.8 billion provided \$1.2 billion is for military operations in Southeast Asia; \$1.2 billion is for pay increases resulting from the Pay Act of last year; and the balance of \$1.4 billion is for a variety of programs throughout the Government service.

Significant among the amounts provided are the funds requested by the administration to fight crime throughout the United States. This effort to cope with organized crime should be welcomed by all law-abiding citizens. It is my hope that substantial inroads can be made by the Department of Justice and other investigatory and regulatory agencies in coping with the criminal problems which face us.

Although each of the individual chapters in the bill will be handled by the respective ranking Republican Members, I do want to point out that this bill provides for a spending limitation in fiscal 1970 which will restrict budget expenditures to \$192.9 billion. This \$192.9 billion figure is some \$4 billion below the adjusted amounts projected by the Johnson budget.

As we all know, President Nixon had the departments and agencies conduct an extensive review of their financial needs earlier this year, and the President was able to reduce projected expenditures by the aforementioned \$4 billion. As all members of the Committee know, for more than 3½ years I have offered the so-called Bow expenditure limitation amendment on most appropriation bills, and while it was adopted on a number of occasions by the House, in some instances unanimously, it was never approved by the Senate on an individual appropriation bill. However, last year such limitation was included in the Revenue and Expenditure Control Act of 1968 and it has had the effect of reducing projected Federal spending in the current fiscal year by some \$6 billion.

The provision before us which would limit budget expenditures in fiscal 1970 to \$192.9 billion is much more rigid than was the expenditure limitation of last year because a number of budget expenditure items were exempted from the provisions of the limitation last year. Expenditures in the current fiscal year for the war in Vietnam, expenditures for interest on the public debt, those for veterans benefits and compensation, and so forth, were excluded from the limit and their exemption had the effect of increasing spending for exempted programs and in the so-called uncontrollable areas by approximately \$6 billion above original estimates.

For example, interest on the public debt is up \$1.1 billion above the original

estimate of a year ago and farm price support outlays have risen \$1.6 billion above the original estimate of last year.

Of the \$192.9 billion of proposed spending for fiscal 1970, some \$106.3 billion is in the relatively uncontrollable category. That includes \$81.1 billion for uncontrollable civilian programs and \$25.2 billion for special Southeast Asia support. Of the \$81.1 billion for relatively uncontrollable civilian programs \$49 billion is for outlays in the social security and public assistance programs.

Thus it seems to me that the administration will have serious difficulty holding expenditures in fiscal 1970 at \$192.9 billion since there are no exemptions for the uncontrollables such as the war in Vietnam, interest on the public debt, and so forth.

While it is true that expenditures may rise above or fall below the \$192.9 billion ceiling depending upon action or inaction by Congress on requests for appropriations, the ceiling is indeed rigid and leaves little leeway for unexpected changes in budget outlays.

As the ceiling is written in the bill it provides the following:

That whenever action, or inaction, by the Congress on requests for appropriations and other budgetary proposals varies from the President's recommendation thereon, the Director of the Bureau of the Budget shall report to the President and to the Congress his estimate of the effect of such action or inaction on expenditures and net lending, and the limitation set forth herein shall be correspondingly adjusted.

If, for example, Congress fails to approve the postal rate increase in the amount of some \$600 million, budget expenditures will rise by that amount since postal receipts are treated as offsets against spending. Similarly, the \$192.9 billion ceiling will rise by \$600 million since the postal rate proposal is accounted for in the expenditure total. But, it also follows that where other uncontrollable expenditures exceed current budget estimates, then expenditures for controllable programs would have to be cut below current estimates.

Mr. Chairman, I think this is a good bill in terms of the reductions which we have made in obligational authority, and I urge favorable action by the House on it. I am somewhat distressed, however, by the rigid ceiling on spending since history clearly shows a wide variation between actual expenditures and those projected in a budget document some 18 months before the close of a given fiscal year.

Mr. JONAS. Mr. Chairman, I yield myself 10 minutes.

(Mr. JONAS asked and was given permission to revise and extend his remarks.)

Mr. JONAS. Mr. Chairman, we have just listened to 50 minutes of what I believe to be as interesting a discussion of budget problems that I have ever heard in this Chamber. The gentleman from Texas has handled this subject in a masterful way and in my opinion has covered it adequately. Actually, I see no real reason why I should extend the discussion, because I doubt if I can add anything that he has not already covered.

However, there are a few points that I would like to make primarily by way of emphasizing what the gentleman from Texas has said. Actually, this bill contains four separate titles. They will be discussed, undoubtedly, by the chairmen of the various subcommittees that handle those topics and by the ranking minority members who work with them.

In summary, it can be said that in this supplemental bill the committee considered budget requests amounting to \$4.364 billion, reduced that total request by \$580,794,190, and recommend to the House a bill providing for \$3,783,212,766, a reduction of 13 percent.

Mr. Chairman, it is not unusual to hear remarks to the effect that the House Committee on Appropriations marched up the hill last year and cut the budget by \$14 billion and now it is marching down the same hill and restoring nearly \$4 billion of that cut. But, as the chairman has pointed out, only about 1 percent of the funds contained in this bill amount to restoration of funds that were eliminated in the regular bills last year.

The remaining part of the bill covers mandatory increases that have been made necessary because of action taken by the Congress subsequent to the enactment of the appropriation bills last year.

I would like to discuss briefly the title of the bill which covers independent offices, and with particular reference to the Department of Housing and Urban Development, because that subject was raised in the colloquy between the gentleman from Texas and a member of the committee.

It is customary to read in the press that Congress has been very remiss in looking after the problems of the cities; that we have neglected them and that we have spent a lot of money on farm programs and allowed the cities to grow up in slums and what-not. I believe at times such as these that it is appropriate to remind those who read the Record, and who report on these deliberations—because it is not necessary to remind the Members of the House, because I am sure they are all familiar with the facts—but to those who are not familiar with the facts, I believe they need to be reminded occasionally that Congress has been pretty generous in spending the taxpayers' money on urban problems.

For example, we have been hearing a lot this afternoon about unexpended balances; and the budget does reflect that there will be on hand at the end of 1969 \$226 billion in unexpended funds. But I do not believe it has been mentioned—and this is the most significant part of that figure—that \$139,238,000,000 of that total is not even obligated. The total of \$226 billion includes unspent and unobligated funds, but there is approximately \$140 billion in the hands of the executive branch of the Government in previously appropriated funds which have not even been obligated, or will not be obligated at the end of fiscal 1969.

The Department of Housing and Urban Development has on hand—or will have at the end of this year—\$20 billion of

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previously appropriated money which has not been spent. Some of it has been obligated, but it will have \$13.5 billion of unobligated funds at the end of this year.

We have appropriated to that Department nearly \$1 billion since 1967—\$948 million, to be exact, for the new model cities program, and very little of it has been spent. They announced nine grants a few months ago, and over the last week-end three more were announced.

I do not know what causes the delay. I know it took the previous Secretary of Housing and Urban Development 7 months after he had all of the plans in to even select the first group of cities.

So I do not believe Congress can be justly charged with any lack of a sense of urgency about these problems. I believe much of the delay can be attributed to paper shuffling, foot dragging and bureaucracy in the department.

Let me tell you in brief capsule form some of the programs Congress has funded for the aid of cities.

Urban renewal is one of the important ones. Do you know that through 1969 the Congress has provided HUD and its predecessor with \$4.6 billion for urban renewal? Through 1969 the Congress has provided nearly \$3 billion public housing subsidies? Let me show you how the cost of the subsidy for public housing is increasing as the years go by.

The total was \$208 million in 1965.

It went up to \$241 million in 1966.

It went to \$261 million in 1967.

Then to \$295 million in 1968.

It went to \$350 million, plus a \$16 million supplemental or to \$366 million in 1969.

The 1970 budget calls for \$473 million.

New public housing starts are scheduled at 130,000 in 1970.

We have the rent supplement program.

We have the homeownership program, and we have the rental subsidy program.

We have the housing for the elderly and the rehabilitation program.

We have the below-market interest program and we have the community facilities program; the open-space land programs.

You name them—there are about 70 different programs in the Department of Housing and Urban Development being funded by the Congress from funds extracted from all of the taxpayers of the United States—70 different programs operated by one Department of the Government, in various aid to the cities.

Yet we are accused of doing nothing.

The truth of the matter is that we are spending about \$30 billion a year on urban problems.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. JONAS. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, in a colloquy with the chairman earlier, I responded to the question as to what brandnew programs we are funding in this supplemental and what they will cost—and I refer now to the programs under section 235, that is the homeownership program, a program under which the Government will subsidize the interest for a homeowner who wishes to buy a house and cannot pay the interest charges.

The subsidy will amount to the interest which exceeds 1 percent. So if the current interest rate is 7½ percent, the Government will subsidize it at no more than 6½ percent.

We put in the regular bill last year \$25 million in contract authority for that program, and we are including in the supplemental an additional \$40 million in contract authority. That is \$65 million that is being voted this fiscal year for this new program which is just getting under way. That contract authority simply means that we give the department authority to commit the Government to spend \$65 million a year on homeownership interest subsidies for 40 years—or \$2.6 billion.

There is a companion program under section 236, known as the rental housing assistance program, which carried the same figure of \$25 million in the regular bill and another \$40 million in this supplemental. So under these two sections, these two new programs, in addition to public housing and in addition to urban area and in addition to community facilities and in addition to all of these other programs—here are two additional programs that are going to cost—even if we do not ever give them another dime in future years—that are going to cost the taxpayers \$5.2 billion.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the chairman of the committee.

Mr. MAHON. The gentleman is pursuing a very interesting aspect of Federal spending. I hope that he will place in the Record in connection with his remarks, if the figures have been assembled—and I know the gentleman's subcommittee has asked for them—the continuing costs that are mandated by previous actions on all these various housing-type programs, rent supplements, and so forth.

The reason I make this request is that there are those who feel that Congress is losing control of the purse. I think we are not losing control of the purse at all. When we appropriate money, we expect it to be spent for the programs which we have endorsed. In the past we have not tried to fix a rate of expenditure of the funds which we have provided for various programs except to a limited degree, which we discussed earlier. But if you approve a series of long-term programs and you grant the first down payment on a 40-year program, then for 40 years the Government is committed to that particular expenditure, because it is fixed by an action of the Congress. It is done by Congress. It is not a loss of control by Congress in the beginning, but we lock just that much more into the fixed and subsequently uncontrollable area of expenditure.

I would like to have the gentleman's views on that matter.

Mr. JONAS. I certainly agree with the chairman, and I believe he would agree with me that we ought to begin giving closer scrutiny to requests for contract authority. That is where the process begins. We cannot keep up with what is going on unless, as we grant contract authority, we know how long that authority is to extend and the total

amount that will be involved, because when we grant contract authority, what we do is to pile up mandatory appropriations over the period of the contract. Some of those contracts go for 35 years, most of them for 40 years. What we are doing here, in funding Sections 235 and 236, is a clear example of the mistake we make when we talk about appropriating \$80 million when the cost of the program is \$3.2 billion.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Iowa.

Mr. GROSS. Between the statements of the distinguished chairman of the committee and the distinguished gentleman from North Carolina, we are almost drowned in figures concerning this bill, and it is proper that the chairman and the gentleman from North Carolina give us the figures contained in this bill. But let me see if I can get a small-sized handle on this big spending proposal in this way: This bill provides for a ceiling of \$192,900,000,000, is that correct?

Mr. JONAS. That is correct.

Mr. GROSS. What are the total estimated expenditures for this fiscal year? In other words, this bill would fix a ceiling of \$192.9 billion for fiscal 1970. What will be the amount spent in this fiscal year which ends on June 30?

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the chairman of our committee.

Mr. MAHON. The expenditure for this year will be about \$185 billion. So, under the administration's expenditure projection, expenditures would go up by \$8 billion, 1970 over 1969, and appropriations would go up by about \$10 billion.

Mr. GROSS. The gentleman refers to the \$192.9 billion. Does that include the expenditures that he is giving the House now for the present fiscal year? Does that include the \$3.8 billion in this supplemental?

Mr. MAHON. Yes; the \$3.8 billion is all within these figures.

Mr. GROSS. They definitely include the \$3.8 billion in this supplemental?

Mr. MAHON. The gentleman is correct.

Mr. JONAS. Mr. Chairman, I am glad the gentleman from Iowa made that point, because I did not want to forget to remind the committee that if we adopt the recommendations of our committee with respect to the spending limitation, that will not be the end. We are going to have to work hard on every single appropriation bill to make reductions, because otherwise any reductions that are made will have to be made by the executive branch of the Government. There are Members of this body who do not want to give him the discretion or authority to decide where cuts shall be made. So we reserve the right, if we do our duty and live up to our responsibility and do not abdicate to the President the authority to make these cuts, to make the cuts in subsequent appropriation bills for fiscal year 1970 as they come before the House for adoption.

We cannot just adopt this spending limitation and then sit back and rub-

berstamp all the appropriation bills, and we do not intend to do it, but we have to have some support on this floor.

I have already heard rumors that efforts are going to be made to increase the Nixon budget. While the majority leader in the other body is making statements that spending should be reduced \$10 billion below the Nixon budget. And, there are people on this side of the Capitol who are saying already that the spending cuts are too deep. I think it is true, as it has been in all but 3 of the last 14 years, that spending has been underestimated by whoever was in the White House, and I think spending this year in the 1970 budget is underestimated. I am sure it is underestimated in the interest on the national debt and in some other areas also.

I agree with the Chairman that this is not going to be any sweet pill for the administration to swallow. It is something that the administration would like to avoid, I am sure. I certainly would not want to have to live under this limitation if I were the Executive or if I were his Director of the Bureau of the Budget, but they understand full well that they have the responsibility of trying their dead-level best to live up to these spending limitations, and they are going to have to live up to them unless Congress should unwisely I think exceed the budget requests on some appropriation bills.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JONAS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, I thank the gentleman for yielding. I do so merely to make the point that I agree again with the gentleman from Texas (Mr. MAHON) and the gentleman from North Carolina (Mr. JONAS) that we cannot emphasize too strongly the necessity for watching the authorization bills as they come in.

In that regard, I am not aware of a single authorization bill that has been approved so far in this session of Congress that has not carried an increase in spending. Is the gentleman aware of an authorization bill that has not been increased?

Mr. JONAS. I am aware of the fact that one adopted on the floor of this House a few days ago was substantially above the budget.

Mr. GROSS. I do not know of a single one that has not provided for an increased outlay of money.

Mr. JONAS. The gentleman from Iowa is correct. That is the first place to start. The second place to start is within the Appropriations Committee, and I think we are going to bring some substantial cuts here for the consideration of the House, and we are going to ask for the Members' cooperation as we undertake to make some substantial reductions this year.

Mr. Chairman, I yield 10 minutes to the gentleman from California (Mr. LIPSCOMB).

Mr. LIPSCOMB. Mr. Chairman, the need for supplemental appropriations for the Department of Defense for fiscal year 1969 has been recognized as needed and required for many months.

The Committee on Appropriations in their report dated July 19, 1968, No.

1735 on the Department of Defense appropriation bill for fiscal year 1969, discussed the budgetary effect of the war in Vietnam and the possibility of added funds. The report stated:

It is probable that the funds provided will not be entirely adequate through the end of the current fiscal year and that a supplemental request will be made in the next session of Congress. This has been the case in the past several years.

The committee in their report also informed the House that funds were not included for military or civilian pay increases which became effective July 1, 1968. The committee report when discussing other fiscal considerations stated:

In accordance with longstanding custom, this bill does not include funds for the military and civilian pay increase for fiscal year 1969, which became effective this month. There will be, as has been the case in the past, a supplemental estimate presented to the next session of Congress covering such costs government-wide.

On September 11, 1968, when the fiscal year 1969 bill was before the House of Representatives, I remarked on the need for added appropriations as follows:

It should also be noted that the Department of Defense will require additional fiscal year 1969 funds in order to meet present requirements, particularly in Southeast Asia. A supplemental request will be required. This has been the case in the past several years. Known increases already indicate consumption of certain specific ammunition items has greatly increased. Force deployments already approved are in excess of those upon which the budget was based. If the war continues at the present rate of expenditure of material, other costs will rise. The military and civilian pay increases which went into effect July 1, 1968, are not included in the budget now before the House.

The additional new obligational authority recommended in this second supplemental appropriation bill for fiscal year 1969, H.R. 11400, now before the House, for the Department of Defense, in titles I, II, and III is a net total of \$2,312,068,000.

These additional funds are required to support United States and our allies military operations in Southeast Asia. Funds are included for the pay of military personnel, for operation and maintenance, and for procurement of items to replace combat losses. The total request also includes funds for military and civilian pay increases already implemented under provisions of previously enacted laws and mandatory increases in military retired pay.

The supplemental budget estimates for fiscal year 1969 for the Department of Defense as proposed and transmitted to the Congress by President Johnson, January 17, 1969 totaled \$3,011,900,000. A reassessment by President Nixon's administration was completed in April and the revised estimate to Congress totaled \$2,871,200,000 a reduction of \$140,700,000. The Appropriations Subcommittee on the Department of Defense after devoting considerable time to analyzing the request, recommended a further reduction of \$559,132,000. The \$2,312,068,000 total recommended in this bill represents a total decrease of \$699,832,000 below the January 17, 1969 estimate.

For title I the revised estimates for military operations in Southeast Asia

totaled \$1,496,900,000. The committee reduced this amount by \$262,900,000 and recommends appropriations totaling \$1,234,000,000.

In title II the committee recommends appropriations totaling \$226,050,000, a reduction of \$23,632,000 below the revised request of \$249,682,000. The largest part of the funds requested in this title, \$175,000,000, is for "Retired pay, military." The requirement for additional funds results from increased benefits paid in accordance with cost of living allowances previously authorized by law.

The balance of the appropriations in title II is funding for increased per diem costs for reservists in travel status based on a new law, Public Law 90-168, premium pay and employee benefits for National Guard technicians, depot overhaul of Guard equipment and aircraft, and funds for training and other operational costs.

Under title III there is recommended \$852,018,000 for military and civilian pay increases. This is a reduction of \$272,600,000 below the revised request. The subcommittee reduced all requests for funds to meet increased pay costs as the requests were estimated on the total annual requirements which were based on first quarter obligations. Many of the estimates have been proven to be overstated at this point in time.

The gross amount recommended for the Department of Defense in this bill for military and civilian pay increases under titles I and II is \$903,768,000. Of this amount \$678,950,000 is for military pay and \$224,818,000 is for civilian pay. The additional pay costs and added funds stem from the second phase comparability pay adjustments effective last July 1. These increases were authorized in Public Law 90-206, the Federal Salary Act of 1967, and Public Law 90-207, increasing the basic pay for members of the uniformed services.

The Appropriations Subcommittee on the Department of Defense spent considerable time in analyzing the request for the funds requested to be assured that only those additional funds actually required were recommended. We feel that the funds which are included in this bill are needed and the appropriation should be approved.

MILITARY OPERATIONS IN SOUTHEAST ASIA

President Johnson's budget for fiscal year 1969 submitted in January, 1968, proposed defense expenditures for support of Vietnam operations in the amount of \$25.8 billion. It was known during 1968 that figure was a low estimate.

The present estimate for military operations in Vietnam for fiscal year 1969 is \$28.8 billion in expenditures. This amount includes the estimates submitted in connection with the pending bill.

In January of this year the supplemental requirement for fiscal year 1969 in support of military operations in Vietnam was estimated at \$1.632 billion. The reassessment which the new administration completed in April confirmed the validity of the requirement but reduced the funds requested to \$1.497 billion.

The committee, in the bill before us, recommends \$1.234 billion in funds for

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military operations in Southeast Asia which provides:

	<i>Millions</i>
For additional personnel pay costs...	\$239.5
For operational support and maintenance of equipment.....	354.4
For procurement of ammunition and ground force equipment.....	640.1
Total	1,234.0

These additional requirements result directly from factors and events not contemplated when the fiscal year 1969 budget was prepared.

First, in January 1968 the Communist Tet offensive required the deployment of additional forces to Vietnam and required increased support operations, additional equipment, ammunition, and other consumables. Losses sustained were great and material had to be repaired or replaced.

Second, the seizure of the U.S.S. *Pueblo* and other aggressive actions by the North Koreans resulted in the callup of Reserve Forces to meet the possible military threat, deployment of additional air and sea forces to the area, additional equipment, and other requirements.

This request now before us does not provide for increases to our current force levels which are somewhat below the presently authorized deployment of 549,500.

The committee procurement recommendation provides equipment and consumables for American and Allied ground forces and also to upgrade our production base. More than 65 percent of the procurement funds—\$419.5 million—is for ammunition.

The operation and maintenance appropriations require supplemental appropriations for Reserve callup and additional deployment, maintenance of material, aircraft fuel and oil and increases and modernization of the Armed Forces of the Republic of Vietnam.

Included in this supplemental are additional funds for the modernization and upgrading of the South Vietnamese Armed Forces. This is a very significant part of this supplemental bill.

President Nixon on Wednesday, May 14, said that the strengthening of the South Vietnamese forces has been speeded up and the President said:

That time is approaching when South Vietnamese forces will be able to take over some of the fighting fronts now being manned by Americans.

The funds in this bill will directly aid the speed up of the strengthening of the South Vietnamese forces.

Significantly this bill as recommended by the committee includes a total of \$246.4 million in funds which are for purposes which will enable the South Vietnamese to eventually defend themselves and thus to gain the opportunity to determine their own future.

Funds are included to procure for the South Vietnamese Armed Forces ammunition and equipment such as armored cars, trucks, rifles, communications, and electronic devices. Also included are funds for South Vietnamese training, as well as general supplies, spare parts, transportation, and depot operations associated with the major end items provided the South Vietnamese.

We must welcome the effective assumption by South Vietnamese forces of a larger share of combat operations for certainly our overall national interests do dictate that we begin reductions of U.S. forces as soon as is feasible and that our forces not remain in substantial number indefinitely if a negotiated settlement proves unattainable.

It is clear the administration requires the additional defense funds to meet our commitment in Southeast Asia and other already incurred obligations as provided in this bill.

Mr. Chairman, the committee has made every effort in deleting unessential items and funds not related to Southeast Asia military operations as well as correcting estimates which were overstated.

The funds recommended are necessary and should be appropriated.

Mr. JONAS. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois (Mr. MICHEL).

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. MICHEL. Mr. Chairman, there is a portion of this bill to which I would like to address myself, and it is that having to do with the Departments of Labor, Health, Education, and Welfare. This involves \$700 million of the bill, broken down as follows: \$35.9 million for the Department of Labor and \$677 million for the Department of Health, Education, and Welfare.

The first item having to do with the Department of Labor is a \$20 million item for unemployment compensation for Federal employees and ex-servicemen.

The members of the committee will recall that earlier in the year we passed a supplemental in the amount of \$36 million. This will be in addition to that in order to rectify those faulty estimates that were submitted to us at the beginning of fiscal year 1969.

Then, too, there is also an item of \$15.9 million for employees' compensation, claims and expenses. Now, both of these items are mandatory payments required by law. Both were set up by the Nixon administration, because the previous estimates, as I said, were too low.

Mr. Chairman, I think it should be borne in mind that compensation benefits paid to surviving children are involved in this particular item. Back in 1966 when we amended the law we provided that full-time students could receive payments until the age of 23; whereas, before they were cut off at the age of 18. We were told in our testimony that these payments to these children average \$110 a month or \$1,320 per year per child. This is one of the factors which goes into this increase.

Then, too, there is an item for the cost-of-living increase, and an increase in the maximum monthly allowance from \$525 to better than three times that amount, \$1,600. That amount has led to many of our Federal employees choosing workmen's compensation instead of sick leave. An injured employee has the choice or option to use sick leave or receive compensation. Twelve years ago only about 37 percent of our injured em-

ployees chose to use the compensation route rather than choosing sick leave. But today that figure is practically reversed to 57 percent of the employees using compensation rather than sick leave.

In the area of higher education the first item of interest is that of interest subsidy grants in the amount of \$3,920,000. This will initiate a new program of debt service grants authorized in the higher education amendments that we passed last year.

That was Public Law 90-575, signed into law October 16, 1968. It replaces the same amount of direct Federal loans permitting a substantial reduction in Federal expenditures for fiscal years 1969 and 1970, as we pointed out earlier in our colloquy on the subject with the gentleman from Iowa (Mr. SMITH). The Federal Government in this program pays the difference between the 3-percent interest rate and the going rate—and incidentally, in the fiscal year 1970 budget there is an item for interest subsidy in the amount of \$10,670,000, which will provide for an increase then of \$6,750,000 for fiscal year 1970. Obviously this manifests itself in a greater construction of facilities at our institutions of higher learning in the years to come.

Incidentally, they told us in our hearings that there are applications on file for in excess of \$200 million worth of construction. As I said, this \$3.9 million will give us \$145 million of construction this first year.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from North Carolina.

Mr. JONAS. I believe the gentleman is approximately correct. We have the same problem in our bill in our subcommittee in funding HUD's requests. It is a lot better, I believe, to provide assistance with interest payments than for the Federal Government to go into the money market and compete with business enterprises and individuals for the available credit, and thus put our fiscal house more in disorder than is already the case.

Mr. MICHEL. I believe the gentleman from North Carolina makes a good point. Of course, Congress so expressed itself when we passed this law in October of 1968 providing for this.

I might say that this year we have about 6 million college students, and the projection is that in 1970 we will have 10 million students at our institutions of higher learning, so the need for the construction of facilities is paramount.

There is also an item in here of \$7,241,000. This is for the Federal City College, a direct payment, or a one-lump-sum payment to the Federal City College in the District of Columbia. This was the amount authorized in Public Law 90-354 as a one-time lump-sum appropriation in lieu of a land grant for the Federal City College in the District of Columbia. We were told that this sum will at the moment be invested in Government bonds to realize a return of some \$360,000 for the Federal City College of the District of Columbia to be used

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for salaries and other expenses of the university.

I might say, too, that over and above this the Federal City College will also receive a share of the annual appropriation for land-grant colleges under the Bankhead-Jones Act, and that allotment in fiscal year 1970 will be approximately \$168,000, out of a total figure of something like \$12 million for the entire country. So here we are for fiscal year 1970 giving the District of Columbia a proportionate cut of the shares that normally go to the other 50 States.

Then too under the second Morrill Act the Federal City College would come in for another share of \$50,000 out of the total allotment of \$2,600,000 for the country.

In the item of the public health service, comprehensive health planning and services, there is an item of \$128,000 for increased pay under Public Law 90-206 and 207. \$9,600,000, the biggest item here, is for a program to combat German measles, better known as Rubella, the 8-day type of measles. We have now been told that an effective vaccine has been developed and is expected to be licensed within the very near future.

What we are doing here is actually a forward funding so that we will not have to wait to get this program underway until the normal appropriation bill can be passed later in the year.

Incidentally, to give you some idea of the proportions of the problem here, there is expected to be another epidemic either this year or next year. If we look back to the last Rubella epidemic that we had in 1964, there were some 20,000 children born with defects. The testimony before our committee states that this will cost us in the end some \$2.8 million in medical costs without even considering the rehabilitation costs for these poor children, the 20,000 or more who were born with deformities of one kind or another as a result of that Rubella epidemic in 1964.

So it is a very worthwhile project and one which should go forward immediately.

Then for District of Columbia medical facilities there is an item here of some \$15 million. This is a portion of the amount authorized under Public Law 90-457 for grants and loans to construct hospitals and other medical facilities in the District of Columbia.

The item was included in the 1970 appropriation bill but we moved it forward here in this supplemental to enable hospitals in the District of Columbia to move ahead with their construction which is already underway.

We have been told there are some very serious financial troubles among the various hospitals here in the District of Columbia.

This is a very worthwhile item.

The biggest item in this supplemental consists of HEW and has to do with grants to States for public assistance. This is a total of \$651,546,000. This figure merges together three appropriation requests—maintenance payments to States in the amount of \$343,524,000 and this is \$30 million under their request. Although we were told in the testimony that this is a legitimate figure now that

adjustments have been made in the States and that is a bona fide figure.

If you add this supplemental to what we have appropriated in the 1969 regular bill of \$3,051,900,000, you have a total amount of payments to States for public assistance for maintenance alone an aggregate of \$3,395,424,000.

The second item is for medical assistance in this supplemental for \$278,022,000.

If you add that to the original appropriation in 1969 of \$2,118,300,000—we have a total in this item for the fiscal year of 1969 of \$2,396,322,000 or a grand total in this fiscal year 1969 in grants to the States of \$5,791,746,000. For the fiscal year 1970—and hold on to your hats—it is going up again—the projections are that it will be \$6,600,000,000.

The reasons they gave us for the increased payments are—and these are all required by law—the deferral of the AFDC—that was pushed back as you will recall; the increased average payments; the increases in the number of recipients; the increased use of intermediate care facilities; then finally the rising medical costs.

So this is an astronomical figure that we are talking about here in these grants to the States for public assistance and something certainly has to be done to reorient this whole program or else we are going to have to shoot the moon in the future to come up with sufficient funds to cover these programs that have been authorized.

Mr. ANDREWS of Alabama. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mrs. Hansen).

Mrs. HANSEN of Washington. Mr. Chairman, inquiries have been made about chapter VI, the Interior and related agencies section of the supplemental bill, particularly in regard to additional funding for the increased production of timber.

There is \$610,000 provided in chapter VI to accelerate timber production in the fiscal year 1969 on national forest and Indian lands as part of the national effort to increase the timber supply and thus ameliorate the current shortage which has contributed materially to the increased price of lumber. Of that amount, \$150,000 is provided for the Bureau of Indian Affairs and \$460,000 is for the U.S. Forest Service. It is estimated this will produce an additional 75 million board feet from the BIA forests and an additional 270 million board feet from the U.S. Forest Service lands.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mrs. HANSEN of Washington. I yield to the gentleman from North Carolina.

Mr. JONAS. I am very glad that the gentleman from Washington made that explanation, because the timber shortage, I am told, is quite acute. It is very appropriate that we open up these lands for the scientific production of timber. I am very glad indeed that the record will show that these steps are being taken and that additional timber will be made available.

Mrs. HANSEN of Washington. I thank the distinguished gentleman from North

Carolina. May I add that in the regular hearings of the committee for fiscal year 1970, volume 3, on the U.S. Forest Service, you will find an excellent discussion between the U.S. Forest Service and the committee on timber requirements and the funds that need to be spent in the national forests. You will also find similar discussions with the Bureau of Land Management and the Bureau of Indian Affairs in our 1970 hearings. The funding in this supplemental bill, \$610,000, is just "a piece of adhesive tape" to meet the total problem before us. I assure you the committee in its consideration and markup of the regular 1970 bill intends to provide the maximum funds possible for the increased production of timber.

Mr. JONAS. Mr. Chairman, I yield to the gentleman from Minnesota.

(Mr. LANGEN asked and was given permission to revise and extend his remarks.)

Mr. LANGEN. Mr. Chairman, I take this brief time merely to call to the attention of the House the items that are in the supplemental bill relating to the Department of Agriculture. There are just four items, each of which is demanded because of an emergency, or because of mandatory provisions which require the expenditures, which is the true purpose of the supplemental appropriation bill, in my estimation.

The first item is a matter of \$1,400,000, which is needed in order to combat a very serious outbreak of screw-worm in the Southwest part of the United States, which we were unable to forecast during the course of the regular appropriations for the fiscal year 1969. This amount of money has actually already been spent. The Director of the Bureau of the Budget has the authority to authorize these expenditures in order to meet the emergency, and for that reason they have to be reimbursed at this time.

In addition, there is an item of \$218,000 which is to meet the mandatory Federal contribution to the retirement fund for the State extension personnel. These payments are related to the increased funds provided by the Congress in the regular 1969 appropriation bill to place the extension jobs on a salary basis more comparable with other agricultural personnel.

Then there is an item of \$7,500,000, which is necessary in order to meet the regular sugar beet payments, which is a mandatory payment that must be made. The increased moneys become necessary because the crop last year was greater than the estimate.

There are also increased pay costs necessary to be paid. They total more than approximately \$28 million, but there is only \$12,900,000 which is provided by supplemental appropriations. \$10 million is provided by releases from Public Law 90-364 reserves, and another \$5,182,000 is provided by transfers from funds within the Department.

Probably the most significant item within this supplemental appropriation as it relates to the Agriculture Department is the transfer of \$25 million out of unobligated funds from the FFA direct

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loan account to the emergency credit revolving fund. This becomes necessary in order to meet the emergency needs for credit. Some very unusual demands have been placed upon this emergency fund because of floods that have occurred throughout the Midwest, in Minnesota, North Dakota, South Dakota, Illinois, Missouri, California, and several other places. The demands are such that they are necessary in order to keep farm operations going during this coming fiscal year.

In view of the fact that the Department is out of money in this category now, it becomes most essential that these moneys are provided by a transfer from the direct loan account, and requiring also that the account be repaid as the loans are repaid.

I am sure it will be provide much needed relief to a great many farmers who otherwise would find themselves in economic distress were it not for this appropriation.

In conclusion, let me say that each of these items is essential and necessary to the proper operation of the Department of Agriculture. I can very heartily recommend them to the House for approval.

Mr. JONAS. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas (Mr. SHRIVER).

(Mr. SHRIVER asked and was given permission to revise and extend his remarks.)

Mr. SHRIVER. Mr. Chairman, as the ranking minority member on the Subcommittee on Foreign Operations, I support and the minority members support the committee's recommendation for supplemental appropriations for the Cuban refugee program. The committee recommends the appropriation of \$2,700,000 of the \$2,853,000 requested in new obligational authority, and the release of \$35,000 of the \$38,000 in requested transfers from the Revenue and Expenditure Control Act reserves.

The requested increase for this program will fund the following activities:

There is \$1,254,000 for unanticipated welfare costs of refugees resettled outside the Miami area, due to the higher number of refugees requiring such assistance. The Federal Government has a commitment to reimburse the various States for these welfare expenditures.

There is \$755,000 for increased per-pupil rates for Cuban children in the Dade County, Fla., school system. This increase is due to increased operating costs to the Dade County system because of higher teacher salaries and other costs. These per-pupil rates will be studied again when the committee considers the fiscal 1970 budget requests.

There is \$844,000 for costs of transporting refugees from Cuba to Miami. Last year, Congress included language in the fiscal 1969 appropriation bill to fund this expense from this account, instead of the State Department account as had been the case in the past. It was hoped at the time that these costs could be absorbed by the program, but this has not occurred, thus these funds are necessary.

Although the committee is recommending the appropriation of most of this request, I think it would be well to point out the rapidly increasing cost of the Cuban refugee program. In fiscal 1968, Congress appropriated \$49 million for this program; in fiscal 1969, including this supplemental, this figure had increased to \$70.7 million; and the committee now has pending before it a request for fiscal 1970 of \$87.3 million.

This represents an increase of \$38.3 million, or 78 percent, for the Cuban refugee program in only 2 years. The American people have been very generous with this program through the years, and our country has benefited from the influx of these energetic and enthusiastic immigrants. At the same time, we should be aware of these growing costs. In an effort to insure the most efficient operation possible for this program, the committee has recommended a decrease of \$153,000 from the request for new obligational authority. It is expected that the administrators of this program can program these cutbacks to continue the effectiveness of their operations.

Mr. MAHON. Mr. Chairman, I yield 10 minutes to the gentleman from Florida (Mr. SIKES).

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Chairman, first let me touch on the immediate thrust of the military sector of this bill. It is designed to provide weapons and equipment to strengthen the South Vietnamese forces; to permit these forces to assume a greater share of the burden of battle. This is most important. The South Vietnamese forces are showing greater capability and their battle effectiveness is much more encouraging. It would appear that American forces will no longer have to carry such a great part of the conflict and significantly, the South Vietnamese will be in stronger position to enforce peace when it comes. This is a very meaningful change in the overall picture.

As we consider overall additional expenditures for defense purposes, we find ourselves buffeted by conflicting winds from many sources. There is a taxpayers' revolt against high levels of spending by Government and of course the principal offender from the standpoint of the number of dollars involved is the military. This is an inevitable part of the inflation that we in Government have helped to build; have almost permitted to get out of hand. The cost of weapons and equipment is fantastically high and the costs of development of a new weapons system is even higher because of the unknown factors which are encountered. There have been a series of blunders, some of them colossal, which have shaken the faith of the people in the military and indeed in Congress and the Government. There was the TFX—the F-111 series—which was to be Mr. McNamara's great contribution and a great money saver. In the final analysis, it cost about twice as much as had been anticipated and, in some phases, has been junked. Just a few days ago, a new submarine sank at its dock while being fitted for service. It is absolutely incon-

ceivable that such carelessness in workmanship could have or would have been permitted.

There is the usual flap about the dangers of chemical and biological weapons which always is good for column after column of horror stories in the liberal elements of the press. What they do not print is that the Russians have seven or eight times our capability in this field, and that we could be dangerously exposed in time to a Russian attack with these weapons as an alternative to a nuclear confrontation. In the field of nuclear weapons, we can at least trade destructiveness.

The question of the ABM has been greatly overplayed. It is a simple case of survival for our nuclear weapons capability. I have felt that at least equal protection should have been provided for people in cities but apparently in an effort to negate the antivotes, the administration has cut back on the scope and purpose of the ABM. Both aspects should have been approved.

In other words, we in America find ourselves completing the cycle we have seen on so many other occasions in our country. The commentators tell us that people are getting tired of war—that they want it ended—and that they want no more involvement in foreign affairs. They are saying in effect that we want to retreat to the security of our own continent. All of this is more than a little disconcerting. I do not believe this fallacy is reflected in the thinking of the average American. I believe that a substantial majority of the American people know why we are fighting in Vietnam. They want this war won. They do not want us walking away from Vietnam with our tail between our legs, setting the tragic stage for another war when the Communists get ready for another takeover of territory and peoples.

Our first mistake was in trying too hard to fight this war without inconveniencing anyone—to fight it so that we could have both guns and butter. It is never possible to fight a war without inconveniencing someone. The fact of 35,000 being killed in a war which is not yet resolved attest to the fallacy of this approach in the Vietnamese conflict. The people should have been told why we were fighting. They should have been shown that it is in America's best interests to fight now and win rather than to risk having all of the Pacific fall into Communist hands in the years to come. We should have been told that it is patriotic to wear the uniform, patriotic to be proud of the flag, patriotic to stand up for our country. Because this was not done, the antiwar crowd has had a field day, with the Communists happily at work stirring up anti-American sentiment at every point.

As a part of this pattern, attacks are now being leveled at our military leadership. Unfortunately, this too has always been a part of the American way of conducting its affairs. When those in uniform are winning wars for us, they are our heroes. When we no longer need them, we pick them to pieces. The fact that many people now believe it is administration policy to get out of Vietnam regardless of the cost in strengthening

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the efforts of every person who seeks the eventual downfall of the American system of government.

The uncertainty which is sweeping America is not confined to defense. It goes much broader. It involves the whole spectrum of national security, and in this I include all of the unrest which is reflected in the news media day after day and which in too many instances is promoted by them.

We here in the House of Representatives have our responsibility. It has not changed because there is wholesale attack upon the military, or because there is concern about the cost of spending, or because people are tired of taxes. We have a responsibility to insure that those who fight our battles in Vietnam, under whatever orders they fight, receive insofar as it is possible for us to do so, every single item that they need. We have the responsibility of demonstrating to the world that we are determined that this Nation shall not, if we can avoid it, become defenseless in the years ahead. We have a responsibility to demonstrate that there is solidarity in Government, and that we will confront communism everywhere with determination. Don't think for a moment that the Communists are not watching what is happening here on the floor of the House of Representatives today. Do not think for a moment that they are not noting loud and clear what we say and what we do. I do not think I need to remind those here today that we could, by responsible action, help set the stage to throw away in Paris what the uniformed services have fought for on the battlefields of Vietnam. We could throw away whatever chance is left for success in this long, terrible and costly struggle.

Those who say that America has lost the war or cannot win it, do our country a great disservice, for neither is true. By their steadfastness on the battlefield, America's fighting forces have brought the Communists to the point where they want peace. Now they are trying to achieve at the conference table what they could not achieve on the battlefield. More than ever, there is reason for unity at home and for a show of strength for America in this body, which really speaks with the voice of the American people.

One of the items of great interest is the ABM. The question of deployment of this system should be resolved without further controversy. I hope the House will follow with me some comments from informed sources on the real function and the need for an ABM system. For instance there are those who urge continuing research and development—and not deployment. The principal purpose of ABM under the present proposal is to offer protection, as needed, to our deterrent forces.

As Secretary Laird points out:

Simply continuing research and development on the ABM without any initial deployment, would leave us with no option to provide defense to our deterrent on the schedule that might be required by the Soviet threat if we do not reach an agreement with the Soviets on limiting strategic forces.

Before and since Secretary McNamara first included defense of our strategic deterrent as an option of the Sentinel sys-

tem, there has been a substantial body of testimony supporting the effectiveness of this type of deployment.

Dr. Harold Brown said in testifying before the House Armed Services Committee in 1967:

Because our missile sites are small hardened targets, they are much easier to defend than cities. The exchange ratio is favorable to us for the defense of this type of target.

Dr. Edward Teller said in a recent U.S. News & World Report interview:

Twelve years ago it seemed that a missile defense was 30 times as expensive as an offense. Today the ratio is estimated at 3 to 1, although still in favor of offense. In some respects it is even estimated at 1 to 1. The main point is we don't really know. We can't find out except by actual deployment.

In rebutting recent unfavorable comment on the feasibility of defending Minuteman sites against a heavy threat, Dr. Foster made the following comment:

Various estimates of the cost of an interceptor including its assigned fraction and the radar and other systems costs have varied between \$2.5 million and \$7 million. The present cost to the U.S. and probably the Soviet Union for an offensive R/V is in excess of \$10 million. The advances which we expect in our forces over the next few years may reduce these to about \$3 million. . . . In other words, the cost to attack and to defend in the 1970 time frame are roughly one to one.

Moreover, those who are responsible for our national defense have said that now is the time to get on with the deployment of the Safeguard system to defend our Minuteman sites. I agree.

Secretary Laird said before the Senate Foreign Relations Committee on March 21 of this year:

We cannot delay the decision beyond this budget that we presented to this Congress, covering the program for fiscal year 1970, which begins on July 1, 1969. We must include this deployment on two sites in this particular budget.

He had earlier said:

We have sufficient strength today in the combination of our strategic forces—our missiles, our bombers, and our Polaris capability—to respond to any attack that might be launched against the United States.

As Secretary of Defense, it is my obligation and my intention to keep it that way beyond any reasonable doubt. This is what the ABM discussion is all about.

And that is why we have no alternative but to protect our options to safeguard our deterrent forces. If the Soviet threat turns out to be, as the evidence strongly indicates, an attempt to erode our deterrent capability, we must be in a position to convince them that a first strike would always involve unacceptable risks.

In addition, and again quoting Secretary Laird:

Safeguard . . . offers protection, as needed, of the entire country from a small attack, such as the kind of attack that could be possibly delivered by the Chinese Communists during the decade of the 1970's or from an accidental launch.

The estimate of our intelligence community is that the earliest the Red Chinese could have this kind of capacity would be in the 1972-73 time period, and the estimate is that in the time period of 1975 and beyond, that the Red Chinese could have the capacity and the capability to have 15 or more missiles.

Dr. Edward Teller, in U.S. News & World Report, said:

A small nuclear force such as they will have in a few years could wreak real havoc on an undefended United States. We might have to give in to Chinese demands affecting not only South Vietnam but also Taiwan and even Japan, rather than take the slightest risk of their not bluffing.

In regard to the Sentinel system as a defense against the Chinese threat, Secretary McNamara stated July 1967:

This austere defense could probably preclude damage in the 1970's almost entirely.

Dr. Foster stated more recently—on May 12, 1969:

The Safeguard system has been designed by competent people, and the best that are available. Its design has been reviewed by outside experts. Those who do, in fact, study the aspects of the system that are within their area of technical expertise are convinced it will do what it is designed to do. There are some eminent scientists who, for one reason or other, claim it won't work. On that I'd like to say . . . that they have offered no problem which we have not long since addressed and resolved."

Finally Under Secretary Packard stated on March 14, 1969:

Locating sites away from major cities should make clear to the Soviet Union that the American defense is designed to preserve our deterrent—not to change the strategic balance.

It has been suggested in some quarters that the administration has somehow misled Congress about its intentions in deploying the Safeguard system.

I think it is useful to review the letter of the law here.

The current authorizations for the ABM defense system for procurement, research and development and military construction for the Army read as follows:

Public Law 90-500, for procurement:

Sec. 101. Funds are hereby authorized to be appropriated during the fiscal year 1969 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, as authorized by law, in amounts as follows: . . . For missiles: for the Army, \$956,140,000.

Public Law 90-500, for research and development:

Sec. 201. Funds are hereby authorized to be appropriated during the fiscal year 1969 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows: For the Army, \$1,611,900,000.

Public Law 90-408, for military construction:

Sec. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including site preparation, appurtenances, utilities, and equipment for the following projects:

UNITED STATES ARMY AIR DEFENSE COMMAND
CONUS, various locations: Operational and training facilities, maintenance facilities, supply facilities, medical facilities, administrative facilities, troop housing, community facilities, utilities, and real estate, \$227,460,000.

The defense and military construction appropriation acts contain even broader language.

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Clearly both the Safeguard and Sentinel systems fit under the language of the law.

In fact, there is an understanding in the Congress and in the Defense Department that funds must be spent for the purposes for which they were authorized and appropriated.

In the case of the ABM system, the purpose for which they were authorized and appropriated was to provide a defense against ballistic missiles. To accuse the officials of this administration of bad faith for deploying the best balanced ABM they can design is simply to disregard the previous actions of Congress.

Congress should not get into the business of trying to design the anti-ballistic-missile system either in its minute technical details or in its tactical deployment configuration. These decisions should be left to defense planners. I suspect that much of the agreement we hear, including many of the technical arguments, are being put forth by people who are already over their head or who are not apprised of all the facts.

Congress has in the past given rather broad authority for the construction of the ABM system. If it wishes to change this method of operation, it can do so when the additional funds which will be required for the deployment of phase I of the Safeguard system are authorized and appropriated for fiscal year 1970.

There are other items of more than average importance which are likely to escape specific attention because they are not sensational and because there appears to be no pressing need that they receive other than casual consideration. Yet these may be of very great importance.

For instance, there is the problem of maintenance of real property facilities. The taxpayers should be very directly concerned with this problem. So should be the military officials. So it would seem would be the Congress.

Nevertheless, this subject presents an increasingly aggravated picture which I want to discuss at this point.

The Committee on Appropriations has for many years been urging that the military services properly and adequately maintain the extensive real property holdings within their jurisdictions. Some 15 years ago this interest was manifested in the appropriation of funds above the budget estimates for the then existing backlog of deferred maintenance. The committee found that much of this claimed deferred maintenance either did not rest on valid estimates or the need was subsequently ignored by the services and the practice of appropriating over the budget for real property maintenance ceased.

Indeed, during the ensuing several years it became apparent that moneys justified to Congress for the maintenance of real property facilities were being diverted to other uses in the absence of any restrictive law or legislative history. Consequently in recent years, the committee has recommended, and Congress has agreed to, language in the appropriation acts establishing floors or minimums in the amounts of money which must be devoted to real property

maintenance. In the current Appropriation Act for the fiscal year 1969, for example, the language reads for the Navy: "of which not less than \$155,600,000 shall be available only for maintenance of real property facilities."

In the case of the Marine Corps the language reads similarly: "of which not less than \$22,661,000 shall be available only for the maintenance of real property facilities."

House Document No. 91-50 proposed revisions reducing those amounts. Testimony in the hearings on the second supplemental appropriation bill indicated that reductions were made in the floors on real property maintenance based on "congressional intent." It appeared from the testimony that this interpretation of congressional intent was based on the Revenue and Expenditure Control Act of 1968 and its effect on Government expenditures generally.

It would seem to me, Mr. Chairman, that we have here a situation of either ignoring, or violating, congressional intent by the military.

I should like to point out that the Revenue and Expenditure Control Act of 1968 was enacted into law on June 28, 1968, Public Law 90-384. While its terms and conditions allowed some flexibility, some considerable flexibility in the executive branch, there was not in connection with its enactment—at least to my knowledge—any discussion of an intent to cutback on the maintenance of real property facilities of the Department of Defense. Congress does not want these cutbacks.

Now I should like to point out that the appropriation bill for the Department of Defense for the fiscal year 1969 was enacted into law by virtue of the signature of the President on October 17, 1968, Public Law 90-580. The appropriation bill contains as a matter of law the phrases which I have previously quoted. I do not believe it likely that the Department can find a shred of evidence in the debate or in the committee reports on the defense appropriation bill indicating that the language of the law was intended to be set aside by any assumed or presumed interpretation of congressional intent stemming from the earlier enactment of the Revenue and Expenditure Control Act of 1968. On the contrary, it could be presumed that the enactment of the floors on maintenance of real properties in specific numbers and at a later date indicates the precise opposite, namely, that it is the intent that such an amount must in fact be expended for the purpose.

It is clear that much of the difficulty that we encounter in Congress, in the academic world, and through all facets of our society, stem from misinterpretations of honestly presented sets of facts. It is further clear that in most instances, if not in all instances, those who so misinterpret do totally and completely escape any remonstrance, much less punishment, for their willful acts.

Although I do not wish to magnify the incident out of all proportion, it is safe to say that the taxpayers of the country will at some future date have to shoulder the burden of new construction

prematurely or unnecessarily because of failure to adequately maintain facilities that are now in being. Certainly, someone should be called to task for permitting such a situation to exist.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. MAHON. Mr. Chairman, I yield 5 additional minutes to the gentleman from Florida.

The CHAIRMAN. The gentleman from Florida is recognized for 5 additional minutes.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Texas.

ANTI-BALLISTIC-MISSILE SYSTEM

Mr. MAHON. The gentleman from Florida made reference to the anti-ballistic-missile program. The gentleman is aware that in the fiscal year 1970 budget which is before Congress, but which is not under consideration in this bill, there is about \$860 million for a continuation of the ABM program.

In my opening remarks, I took the position that we should go forward with the ABM program. I would like to amplify that by giving, in part, some of the reasons why we have been working on this program for years. The Soviet Union, our most formidable opponent, has a somewhat limited anti-ballistic-missile system deployed. It seems to me that it would be militarily and politically unsound and indefensible for use not to undertake to have a defense against the intercontinental ballistic missiles of the Soviet Union and of Red China.

My opinion is that we must proceed now with the anti-ballistic-missile program. It is my feeling that the Members of Congress, generally, will approve of this view, and I am convinced that the American people will approve of this view. I do not believe the American people want to be completely defenseless with respect to the intercontinental ballistic missiles of the Soviet Union or of Red China. This would be illogical while the Soviet Union is providing some defense for its people. Whether or not their system is very far advanced begs the question. Therefore we should undertake to provide some defense against the possibility of attack by intercontinental ballistic missiles of either nation.

I believe the gentleman's opening remarks should be read by all Members of the Congress.

Mr. SIKES. The gentleman from Texas has stated the situation precisely and he has stated it very well.

We are trying to assure at this point that we can retaliate if the need should develop—we are seeking to insure for our country a capability which at least parallels the development which has been proceeding on an ABM system within Russia for a number of years. I feel that the American people demand that this be done. I feel that their voice is not really being heard in the quarters where protests are raised against the ABM system.

It is my opinion that we would be making a most serious mistake if we should not proceed with at least the

small ABM program that has now been proposed.

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I would ask the gentleman further if an article in the U.S. News & World Report, by Dr. Teller, one of the great scientists of the country, and a discussion by Dr. Weisner, another great scientist, who are both very familiar with this problem, has been called to his attention.

We are aware that there is much discussion of the ABM in the scientific community, but as I see it this issue is one of judgment, and that is not an issue to be settled by the scientists alone. I would hope that those interested in this matter will probe deeply enough to understand what the fundamental issue is, and that is whether or not we shall let our chief opponent have a protection against our missiles and have none ourselves against his.

Mr. SIKES. The gentleman has stated the situation perfectly.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from California.

Mr. LIPSCOMB. Mr. Chairman, I concur completely with the gentleman from Florida and the gentleman from Texas in the need for the Safeguard ABM. I believe that it is absolutely necessary that we go ahead on this modified program as recommended by President Nixon.

The decision of President Nixon announced on March 14, 1969, calling for the deployment of the Safeguard anti-ballistic-missile system was made only after a searching and exhaustive analysis of the clearly emerging threat to the Nation and its people in the mid-1970's. All the available options and alternatives were thoroughly examined leading to the determination that Safeguard would provide a beginning toward the best protection against those threats.

In the judgment of the President, and of others within the Government who are charged with the direct responsibility for preserving our national security, the initial deployment of Safeguard represents the minimum action which must be taken now to preserve the credibility of our nuclear deterrent in the immediate years ahead.

The decision to deploy Safeguard is remarkable for the controversy which it has generated. Some members of the Congress and some persons within the scientific community have taken issue with the President's decision. They have been joined in their opposition by others who find in Safeguard an excellent opportunity to give vent to their frustrations over the course of events in Vietnam, thereby injecting an emotionalism into a debate which, because of its critical importance to national security, should be governed only by rational and reasoned factual presentations.

Because the President is Commander in Chief of our military forces and, more than any other one man charged with the awesome responsibility of providing for the national defense, many Members of Congress, in the exercise of their constitutional responsibilities, have normal-

ly followed the practice of according great weight to such momentous determinations by the President. The President has immediately at hand the most sensitive intelligence information upon which these vital decisions must be based.

For my own part, I would have to be absolutely convinced that I was right and the President was wrong before I could, in good conscience, oppose him on a national security matter of this magnitude. Moreover, in cases where the issue might be described as somewhat doubtful, my conscience would dictate that such doubts be resolved in favor of the President's determination that his recommended action is necessary for our country's protection. This has been my position with respect to all Presidents, of either political party.

It is obvious that all the people of the United States have a vital stake in the decision we make as to whether or not we should attempt a ballistic missile defense. It is appropriate to determine the desires of the people. And I mean all the people—not just those with the resources to publish and circulate their views, nor just those who participate in organized letter-writing campaigns to Congress.

When President Nixon assumed office in January of this year, he inherited from his predecessor the beginnings of deployment of an ABM system, the Sentinel. The decision of President Johnson, announced in September 1967, to begin deployment had been endorsed by Congress in 1968 and funds had been provided for a start on the system. Production of the various components of the system had been initiated, sites acquired, and, at some sites, work had commenced.

The Nixon administration suspended work on Sentinel deployment while it conducted a broad and thorough review of the general problems of ballistic missile defense including specifically the basic possible missions of such defenses and an analysis of the actual and potential Soviet and Chinese nuclear threat capabilities to our cities and to our strategic retaliatory capability.

An important part of the review included an analysis of the many alternative ways of accomplishing the ballistic missile defense missions. The alternatives examined included:

First, not building any ballistic missile defense at this time, maintaining the research and development program, and relying on improvements in our retaliatory weapons to deter Soviet and Chinese attacks on our cities and strategic retaliatory forces;

Second, defending our strategic retaliatory forces—our second-strike capability—by hardening our missile silos and further dispersing of our bomber bases; and

Third, several alternative ABM deployments, including: a "heavy" defense against Soviet nuclear attacks on our major cities, ballistic missile defense of our strategic retaliatory forces, the Sentinel defense against the expected Chinese threat and accidental attacks, a sea-based anti-ballistic-missile inter-

cept system—SABMIS—and various combinations of these alternatives.

Finally, the review included a careful evaluation of the technical and operational feasibility of ballistic missile defense systems based on current technology and current intelligence.

After a careful consideration of the alternatives, President Nixon reached the following conclusions: First, the concept on which the Sentinel program of the previous administration was based should be substantially modified; second, the safety of our country requires that we should proceed now with the development and construction of the new system in a carefully phased program; third, this program will be reviewed annually from the point of view of technical developments, the threat, and the diplomatic context including any talks on arms limitation.

The Safeguard system has been designed so that its defensive intent is unmistakable. It will be implemented not according to some fixed, theoretical schedule, but in a manner clearly related to a periodic analysis of the threat.

The Safeguard system provides for the phased protection of our land-based forces and the light, overall protection of population. This deployment will permit a shift of radar and missile sites away from major cities.

Both the Nixon administration and the Johnson administration agree on the capabilities and limitations of the ABM system which technology permits us to deploy at the present time.

Both administrations agree that our ABM system at its present stage of development cannot be expected, no matter how deployed, to provide an effective defense of all our Nation's population against a heavy nuclear attack.

Both administrations agree that our ABM system does have the capability, in several types of deployment, of defending all our population against a light nuclear attack.

Both administrations agree that our ABM system does have the capability of providing a strong, although not preclusive, defense of a specific target of limited area against a heavy nuclear attack.

This evaluation, concurred in by both administrations, is extremely important. It was not made lightly, nor by any one person, or by any persons specializing in one field. This is not just a weapon, but a weapon system. It consists of a number of components, including nuclear warheads, which were and continue to be designed and tested underground by our nuclear physicists; missiles, which have been designed, constructed, tested, repeatedly improved, and tested further; data processing equipment, which has also been built and tested; missile site radar, which has been built and tested; and perimeter acquisition radar, all the components of which have been tested. In addition, the system utilizes technology dealing with such diverse areas as component hardening and command and control.

An evaluation of the ABM system is a complex matter, requiring the participation of many specialists from various and sundry science and engineering

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fields, who base their evaluations on the results of the tests performed. This, however, is the very type of careful evaluation which enabled the Johnson administration and, thereafter, the Nixon administration to conclude that our ABM system would work, and would do the job proposed for it.

Obviously, no one scientist, however learned, can credibly assume personally to evaluate the entirety of the system, particularly if he has not been privy to the testing accomplished with the components of the system. An impressive number of scientists, however, believe that it either will work or can be made to work.

The Johnson administration, based on an evaluation of the limitations and capabilities of the ABM system, devised a proposed deployment to provide a defense of our cities against the potential Chinese Communist capability to launch a light nuclear attack in the mid-1970's. This is what the Sentinel system, as designed by the Johnson administration, would have done; and this Safeguard will continue to do.

The preceding administration was also very much aware of the possibility that the Soviet Union might seek to develop a capacity to overwhelm our land-based missiles and bombers. It continued to watch the missile buildup in the Soviet Union, believing, however, as Secretary McNamara said in January 1968 that the growth of the Soviet ICBM force would decelerate instead of continuing at a high rate.

The Sentinel system of the Johnson administration has three purposes, according to Secretary Clifford:

First, to "prevent a successful missile attack from China through the late 1970's."

Second, to "limit damage from an accidental launch from any source."

Third, to "provide the option for increased defense of our Minuteman force, if necessary in the future."

Safeguard will provide for the first two purposes as enumerated by Secretary Clifford, but most importantly, it also will provide for the defense of our Minuteman force which under Sentinel, had been only optional.

Neither Secretary McNamara nor Secretary Clifford believed that the relative invulnerability of the missile forces of the United States was assured for the indefinite future. Both warned that additional steps might be required if that invulnerability was to be maintained in the 1970's. Just before leaving office, Secretary Clifford expressed his "increasing concern" about "the continuing rapid expansion of Soviet strategic offensive forces." He went on to warn that—

We must continually re-examine the various ways in which the Soviets might seek to strengthen their strategic forces beyond what now seems probable, and take appropriate actions now to hedge against them.

The decision on whether or not to deploy the Safeguard system turns, it seems to me, on the answer to two questions:

First. What is the nature of the threat which there is reason to believe will confront our Nation in the mid-1970's?

Second. Is Safeguard an effective way of coping with that threat?

When I speak of a threat to our security, I am not engaging in speculation about the intentions of any foreign power. As we should have learned from the Cuban missile crisis of 1962, it is dangerous to base our policy on assumptions relating to intentions. Anyone who is not privy to deliberations in the Kremlin can hardly speak with assurance about Soviet intentions at the present time. Even certain knowledge of present intentions would be a poor basis for judging the intentions of those who may be in power in the Soviet Union 5 years or more from now.

We would be derelict in our responsibility to the people if we failed to base our policies on an estimate of the capability that the Soviet Union or Communist China will have in the future if they continue on their present course and if we failed to take timely action to thwart that capability.

Projecting into the future the current rate of construction and deployment of the SS-9, we arrive at a figure of 600 such ICBM's in operation in the Soviet Union by 1976. If each SS-9 is equipped with three independently aimed warheads—a capacity which is technically feasible and on which the Soviet Union is working—our force of 1,000 long-range Minutemen would be in danger of annihilation from the 1,800 Soviet warheads. Let me quote Dr. John S. Foster, Assistant Secretary of Defense for Research and Engineering, on this point:

A missile system having a 20 percent failure rate and carrying 3 re-entry vehicles per missile, would require only 420 missiles to attack 1,000 silos. If the yield of each re-entry vehicle was a reasonable 5 megatons and the accuracy a reasonable $\frac{1}{4}$ of a mile, about 95% of the silos could be destroyed. This would mean 50 of the 1,000 Minutemen survive.

Our present strategic offensive force includes, of course, not only land-based long-range missiles but missile-carrying manned bombers and Polaris submarines. Can we not be complacent about the future, some may ask, since two of the three elements of our deterrent force would still be in existence after an SS-9 attack on Minuteman sites thereby enabling us to inflict retaliatory devastation on an attacking nation?

There are two answers to this question. First, if prudence had not required that we keep three elements in our deterrent force, we would not have developed and maintained three in the past. Our security is assured with three. The loss of one would leave us considerably less secure. We might get by with two, but that involves risks that we have been unwilling to take in the past. Further, we should remember that our bombers, even today, are to some degree vulnerable and that our submarines may become vulnerable in the future. We must now plan for our defense through the next decade. We know that the Soviet Union is at work on a fractional orbital bombardment system and other weapons which could make both bombers and submarines vulnerable to attack in the future. To assume that both will continue to be safe from attack would be sheer folly.

I do not want to overstate the case.

In order to achieve, in fact, the capability of eroding our assured destruction capability in the future, it will be necessary for the Soviets to do a number of things, but all are things which they have demonstrated a competence to accomplish. They would have to equip their SS-9 missiles with multiple, individually target reentry vehicles and improve their accuracy. They would have to continue to increase the number of such ICBM's deployed. They would have to continue their ambitious submarine program and possibly add a submerged launch missile utilizing a depressed trajectory. They could improve and deploy a more effective ABM system around their cities. The accomplishment of these improvements in forces, or combinations of these programs, on all of which they are now engaged, could create doubts of the effectiveness of our assured destruction capability, provided we take no steps not already programed to prevent, or to prepare to prevent, such an erosion.

Because the Chinese ICBM development program has not progressed as rapidly as estimated a year or two ago, there has been a tendency to overlook this potential threat in the present debate on the ABM issue. Today, the intelligence community is indicating that the Chinese Communists may have an operational ICBM within 3 to 4 years. If that happens, it will be incumbent on the United States to have an adequate protective force.

There are a number of factors which point out the need for Safeguard to counter this growing Chinese threat. Most of them have to do with demographic factors. The United States has 63 percent of its population living in the 1,000 largest cities. The Chinese, on the other hand, have only 11 percent of their population living in China's 1,000 largest cities. One can conclude that the Chinese population is widely dispersed throughout her large land mass. Furthermore, as Mao Tse-tung has pointed out on numerous occasions, China, with its population of 800 million, could survive even with a loss of 200 million people from a nuclear attack. Thus, it is reasonable to conclude that our ability to deter Communist China with our strategic offensive forces is considerably less certain than in the case of the Soviet Union, whose population is much more concentrated than China's.

The population concentration factor has a vital bearing on our decision to proceed with the Safeguard program. The Chinese, with only a few, relatively crude ICBM's could inflict a great deal of damage on the United States. For the United States to retaliate against such a strike might require a greater portion of our deterrent force than we could safely commit. For, by responding to a Chinese provocation, we could leave ourselves naked to a Soviet attack.

These reasons, I believe, point out that Safeguard is a good investment for protecting against a possible Chinese attack as well as insuring the credibility of our deterrent against any possible Soviet attack.

The second question which we must ask to reach the decision about deploying Safeguard has to do with its effective-

tiveness. Of all possible courses of action which we might take to guard against the potential threat of the mid-1970's, Safeguard is the most effective, the least costly, the least provocative.

There is strong support among the most respected scientists who are familiar with all aspects of our ABM program for the conclusion that Safeguard will provide effective protection to enough of our offensive force to make an attack upon that force unprofitable for any aggressor.

Among the eminent scientists who have publicly expressed support for deployment of Safeguard are: Dr. Edward Teller, Livermore Radiation Laboratory, recognized as one of the world's foremost nuclear physicists; Dr. Eugene P. Wigner, Princeton University nuclear physicist, elected to the National Academy of Sciences 1945, Atoms for Peace Award 1960, Nobel Prize for Physics, 1963; Dr. William G. McMillan, University of California at Los Angeles, professor of chemistry, noted specialist on strategic nuclear matters such as reentry vehicle vulnerability, penetration aids, nuclear weapons effects, and missile vulnerability.

If we could delay our decision on Safeguard until we determine whether or not the Soviet Union continues to increase its capability to threaten our security—or whether success comes of negotiations to limit arms, I would be in favor of deferring the decision. Unfortunately, we cannot wait. It will require more than 4 years to complete phase I of the Safeguard system, the deployment of protection for two missile sites in Montana and North Dakota. In the absence of authorization from Congress for fiscal year 1970, the Defense Department would be required to stop the activity in which it has been engaged under authority granted last year. It would have to close down developmental production lines, discharge skilled personnel, and cease engineering on sites. If Congress then gave authority to proceed in the next year, the program would be delayed 2 years and the first two sites would not be in operation until 1976. Time would be lost in the search for personnel with the necessary skills and in the training of a new force to begin the work anew.

If we are not ready at the time a threat to our security comes into being, we will be no better off than we would have been if we had done nothing at all. As Secretary of Defense Melvin R. Laird has said:

Too little and too late has been the epitaph of more than one great nation in history. It must not be ours.

If, in fact, the decision to deploy Safeguard imposed an obstacle to fruitful negotiations toward arms limitation, this might well give us pause. But let us remember that Premier Kosygin in 1967, speaking of the embryonic ABM system which the U.S.S.R. had already begun to deploy, said:

I believe that defensive systems, which prevent attack, are not the cause of the arms race, but constitute a factor preventing the death of people.

Let us remember, too, that President Johnson's decision to deploy the Senti-

nel system, instead of hampering negotiations, was followed 4 days later by a statement of the Soviet leaders that they were interested in beginning talks on arms restrictions.

Safeguard is an inducement to arms limitation and a building block toward peace. We will go forward with talks on arms control with a better chance that these talks will result in effective agreements if it is clear to all the world that the United States does not intend to stand idly by while its capacity to defend its people is undermined. Indeed, an important inducement toward agreement is missing if the U.S.S.R. is led to believe that we will unilaterally limit our defensive capacity.

Safeguard is purely defensive. It is not an escalation of the arms race. It does not increase one whit the capacity of our country to inflict damage on any other nation. It is far more moderate step than the alternative some of its opponents propose—an increase in the size of our offensive missile force, or the reckless launching of our missiles upon a warning, that may or may not be valid, that we are about to be attacked. Increasing our offensive forces would step up the arms race and might give Soviet leaders some plausible ground for fearing that we were seeking a first-strike capability.

If the threat that may confront us in the mid-1970's fails to develop, whether because of international agreement on arms control or a change in the pace or character of the Soviet buildup, or for any other reason, Safeguard can be slowed down, altered, or abandoned altogether. Deployment is divided into phases so that our defensive precautions will match the threat and not become an overreaction to it.

President Nixon clearly made these points in his announcement of his decision on Safeguard on March 14 of this year. He said:

I have directed the President's Foreign Intelligence Advisory Board—a non-partisan group of distinguished private citizens—to make a yearly assessment of the threat which will supplement our regular intelligence assessment. Each phase of the deployment will be reviewed to insure that we are doing as much as necessary but no more than that required by the threat existing at that time.

Since our deployment is to be closely related to the threat, it is subject to modification as the threat changes, either through negotiations or through unilateral actions by the Soviet Union or Communist China.

To keep in perspective the decision which the Congress will be called on to make this year, it is important to keep in mind the phased program of deployment that is proposed. This year, we decide only whether to begin on phase I so that by 1974 we may have in being an antimissile defense of two of our missile sites. We do not commit ourselves to go beyond that, and the Congress will have ample opportunity to check on the progress of deployment and to reassess periodically the continuing need for the system.

If in fact Safeguard deprived us of resources needed to deal with our pressing domestic problems, that fact might give us pause. But Safeguard is not short-changing any program designed to cure

domestic ills. The decision to deploy this system involves spending in fiscal year 1970 only \$250 million more than would be spent if we limited ourselves to continuing with research and development. But a decision to defer deployment would add \$250 million to the total cost now estimated for deployment. The expenditure proposed for deployment in the next fiscal year amounts to three-tenths of 1 percent of the outlays proposed for defense. It amounts to a little more than one-tenth of 1 percent of proposed total Federal outlays. In its initial costs, it will be substantially less expensive than Sentinel would have been.

The estimated expenditure for the total Safeguard program is in the neighborhood of \$8 billion, including the warheads. This expenditure would, of course, be made over the course of many years. It is unlikely that in any year Safeguard will demand spending that would equal even one-half of 1 percent of the budget.

To my mind, the basic issue which the Safeguard proposal presents is the degree of risk to which we are willing to expose the American people. I am not inclined to gamble when the stakes are the survival of our Nation and the safety of its people. I would rather be wrong by providing a measure of defense that the future might show we did not need than be wrong by failing to provide the protection required.

I hope that all Members of Congress, when they vote on Safeguard, are conscious that they may well be voting on the survival of the United States.

(Mr. LIPSCOMB asked and was given permission to revise and extend his remarks.)

Mr. MAHON. Mr. Chairman, will the gentleman yield further?

Mr. SIKES. I am happy to yield to the chairman of the committee.

Mr. MAHON. Mr. Chairman, there is the feeling on the part of many—and that includes myself—that if we move forward with our own ABM system, and we can move forward only at a certain rate of speed, that if we move forward with this program the likelihood will be enhanced that we can sit down at the conference table with the Soviet Union and arrive at some arms control agreement, not on disarmament, which I believe is unobtainable, but some agreement for a limitation on armaments. But so long as the Soviet Union goes forward with the deployment of its ABM and we take no steps at all, we are placed in a position in this particular field of defense—and this is defense, and not offense—of dealing from a position of weakness.

Mr. SIKES. It was after it was announced that we in this country were going ahead with the ABM system that the Soviets first agreed to hold a discussion on disarmament. This in itself is indicative of the validity of the statement the gentleman has just made: if we have a basis of strength from which to negotiate the Russians are much more interested in negotiating. There is no reason for them to negotiate if they have the field for themselves.

The CHAIRMAN. The time of the gentleman from Florida has again expired.

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Mr. MAHON. Mr. Chairman, I yield the gentleman from Florida 5 additional minutes.

Mr. SIKES. I thank the gentleman for yielding the additional time.

CANCELLATION OF WEAPONS SYSTEMS

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, the committee was advised yesterday of the cancellation of the procurement of the Cheyenne helicopter. It was canceled because it had not been possible for the contractor to solve the problems involved in developing this system. Of course, this program is subject to investigation by various appropriate committees. The Appropriation Committee intends to take a look at it.

The military from time to time, in their sincere desire to provide superior weapons programs attempt to stretch the state of the art. They undertake to do things which are highly desirable by way of weapons development, but some of these things are not within the state of the art and cannot be accomplished.

Many years ago, we spent \$1 billion on a nuclear-powered aircraft, and finally we agreed that the state of the art had not progressed to where it was feasible to produce an acceptable plane of this type.

It is unfair and improper to condemn those who try to stretch the state of the art in order to improve our weapons. They make great efforts to add to the Nation's protection and to the budgeting capability of our servicemen.

Is it not understandable that in a stretching of the state of the art it is from time to time necessary to admit defeat? We are prone to call that "money down the drain," but if it is in the interest of trying to provide better defense it is not in the truest sense always money down the drain.

Mr. SIKES. This is of course the only way we can perfect our weapons systems. There must be trial and error. It is through this procedure that we have been able to develop the highly effective systems that we have. Fortunately most of them have not encountered problems as serious as the Cheyenne did.

In the case of the Cheyenne, unfortunately, hopes did not work out. Defense officials were seeking to develop a more effective weapons capability in a fast helicopter. The helicopter is largely a defenseless aircraft and yet it has been tremendously useful and has filled an extremely important need in Vietnam.

But it is highly vulnerable and the military were simply trying to provide a faster helicopter with an improved weapons capability that would enable it to stand off enemy attack and to provide greater support for the troops on the ground.

The thought was good. It would have been an extremely important development had it worked out—and eventually it probably will work out.

But in the effort to develop within a short time something that would be useful in the Vietnamese war, considerable moneys were expended. It has not been possible to develop the capability that is needed and rather than to continue to spend money on top of this already

costly program, the military has decided to cancel the Cheyenne.

Mr. MAHON. Is it not true that the object of producing the Cheyenne was an effort to make our military men more effective and to save the lives of American soldiers in Vietnam?

Mr. SIKES. Yes, the purpose is to save lives—that is the primary purpose. It would have reduced the vulnerability of the helicopter, which is a very important vehicle, and made it into a gun ship.

Mr. MAHON. Pursuing the matter further, reference was made today to the so-called TFX and the Navy version, the F-111B.

Here was an effort to produce an airplane which would be suitable for all of the services. The objective was highly desirable. A great effort was made to achieve it, but as we look back with 20/20 hindsight, and I am sure the gentleman from Florida would agree, it was a mistake to undertake to make the F-111 conform to the Navy's requirements, which are in some ways quite different from the Air Force requirements.

Mr. SIKES. Yes, but we did not realize that at the time. The defense officials again felt that this was a way to save money. They made a very determined effort. The effort failed and we have to share in the blame because we financed what we thought would be a workable concept.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman.

Mr. DAVIS of Wisconsin. I think all of us are indebted to the chairman of the committee and to the second ranking member of the defense subcommittee and the ranking minority member of the committee for this colloquy which is putting some of these things in the proper perspective, particularly with respect to the ABM system. I think this colloquy has made it clear that we do not, as a practical matter, have a choice between the development of the ABM system on the one hand and some agreement or other limiting arms on the other. Quite to the contrary, if we were to unilaterally make the decision and announce to the world, as some of our colleagues would have us do, that we are not going to defend ourselves against the ICBM, we would thereby destroy our capability of reaching any meaningful agreement with reference to either the ICBM or the ABM.

Certainly, if we announce beforehand that we are not in a position to defend ourselves, and that we do not intend to be in a position to defend ourselves, then we would be going to the conference table with no cards at all.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. MAHON. Mr. Chairman, I yield 5 additional minutes to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I take this additional time, first, to thank the distinguished gentleman from Wisconsin for this contribution which is sound, logical and meaningful.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman.

Mr. MAHON. It seems to make news to be against a major defense program, at this time the ABM, but it does not make news to be in favor of providing this barrier against an attack which might come from China or from the Soviet Union.

There has been so much talk in the country and so many news columns written in opposition to our building a defense system designed to help to protect the lives of American citizens and to avoid World War III, it occurs to me that it is well for the world to know that there are many—and in my opinion the overwhelming majority of people in this country who believe that this kind of protection, as imperfect as it may be, is something we must seek to attain.

I wish to thank the gentleman and my colleagues for making reference to these matters. No one can convince me that the people of the United States want to be second best when it comes to self-defense. I do not think that we want our country to be second best, and I predict it will not be second best. I thank the gentleman for yielding.

Mr. SIKES. Let me add that the deployment of the ABM system, which is now proposed, does not mean that we will have an imperfect system. We will have a system which has the benefit of years of research and development, and as deployment progresses, it will be possible to build into it any improvements which the state of the art permits, to insure that we will have a fully workable and an effective system.

Mr. MAHON. Mr. Chairman, will the gentleman yield further?

Mr. SIKES. I yield to the gentleman from Texas.

Mr. MAHON. Is not one of the principal objectives of those of us who support the ABM to bring about a situation which will enable the United States and the Soviet Union—and other countries, we hope—to make some reduction in arms expenditures? That, after all, is our objective. I would hope we can join together in this effort and eventually through these procedures bring to a lower figure the vast resources we have to provide for defense.

Mr. SIKES. That is our objective. It is what we are working toward, and I believe it is a meaningful step in that direction.

The CHAIRMAN. The gentleman from North Carolina (Mr. JONAS) is recognized.

Mr. JONAS. Mr. Chairman, I have no further requests for time.

I yield back the balance of my time.

Mr. MAHON. Mr. Chairman, I yield 8 minutes to the gentleman from New York (Mr. RYAN).

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, it is unfortunate and regrettable that the supplemental appropriation bill before us lumps together funds which are necessary and essential for important domestic programs with a request, as set forth in title I, for some \$1.2 billion for additional support for military operations in Southeast Asia.

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Once again we are faced with a choice of either approving the entire package recommended by the Appropriations Committee, and thereby allocating still more funds to the prosecution of the war in Vietnam, or having to vote against the entire supplemental appropriation bill. I regret that the Appropriations Committee has put us in this situation again. There is strong and conscientious opposition to continuing to fund the war, and Members should have an opportunity to vote separately on the \$1.2 billion for military operations in Southeast Asia.

When the bill is open for amendment under the 5-minute rule, I intend to offer an amendment to strike title I of this bill, in order to eliminate the \$1.2 billion earmarked for Southeast Asian military operations. This would permit us to have an opportunity to vote on this question. However, of course, we know under the parliamentary procedure followed, there would be no opportunity for a rollcall vote. If my amendment does not prevail, then I intend to offer a motion to recommit if I have the opportunity.

I believe that as long as these funds remain in this bill, it should be defeated. I have pointed out that one-third is allocated for the prosecution of the war in Vietnam. We have already allocated for this fiscal year some \$27 or \$28 billion for the war in Vietnam. Now we are confronted again with another supplemental request.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I am happy to yield to the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, one of the things that has been undertaken in this bill is to provide additional funds for the equipping of the South Vietnamese military forces, so that a lesser effort will be required by the U.S. forces. I believe that this portion of the plan—of transferring to the Government of South Vietnam a greater responsibility for fighting the war and maintaining the peace when the war comes to an end—probably would meet with the approval of the gentleman from New York.

Mr. RYAN. Mr. Chairman, I would appreciate it if the gentleman from Texas, the chairman of the committee, would spell out exactly how much of the funds in the bill is for equipping the forces for South Vietnam. But it is clear also from the testimony, as I read it, that the supplemental provides funds for approximately 17,400 more American servicemen than were planned originally in the fiscal year 1969.

Mr. MAHON. Mr. Chairman, in the Army procurement portion of the bill before us, of the \$640 million, there are \$393.7 million for U.S. forces and \$246.4 million for the South Vietnamese Armed Forces modernization and improvement program. So a quarter of a billion in this bill is for the improvement and modernization of the equipment of the South Vietnamese forces. It is this quarter billion that the gentleman from Texas had in mind in propounding the inquiry of the gentleman. There are additional sums related to this procurement, such as \$50 million for the transportation of equipment, and so forth.

Mr. RYAN. Mr. Chairman, I appreciate the explanation of the chairman. Nevertheless, that does leave for U.S. Southeast Asian military operations approximately \$1 billion—a little less perhaps. And it raises a further question about our overall policy in Vietnam in relation to the forces of South Vietnam.

In any event, let me point out that according to the testimony, on page 361, of General Taylor, the supplemental also provides funds for 17,400 more troops, that is U.S. troops, than had been originally intended.

It also provides funds for a 50-percent increase in bombing by B-52's in South Vietnam. I should point out that in answering a question raised by the distinguished gentleman from Alabama (Mr. ANDREWS), General Crow said that the effect of the B-52 bombings was to make certain areas of South Vietnam look like the surface of the moon. The gentleman from Alabama then observed that the United States has used more bombs in Vietnam than in World War II and asked:

I wonder how it is going to look when we get through over there. Will it be habitable? (Hearings, p. 296).

I think that is a good question: Will it be habitable? Will anything be left? Or will we continue to destroy the country in order to save it?

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I am happy to yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, as the gentleman knows, this bill does not provide funds to send additional American fighting men to South Vietnam. It provides for the payment of the men who were sent over there as a result of the Tet offensive which caused us to increase our forces. It is not the intent of this bill to increase our manpower in South Vietnam.

Mr. RYAN. I understand the gentleman's argument. The impact, nevertheless, is to provide funds for a higher level of troops there than had been budgeted for fiscal year 1969.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from California.

Mr. LIPSCOMB. Mr. Chairman, on the point the gentleman is making and the point the chairman of the Appropriations Committee made, the planned strength for U.S. forces in Southeast Asia has not been reached as yet, but the reason we are implementing funds in this supplemental bill is because the Tet offensive did extensive damage over there and made it necessary for us to commit more troops and more ammunition and other equipment.

Then, the seizure of the U.S.S. *Pueblo* by Communist North Korea took place. It caused us to supplement our efforts in the Korean area.

It was aggressive action by North Vietnam and North Korea which made this supplemental which is before us necessary. We are just supplying additional funds for those two aggressive actions by the Communists. That is the purpose of this supplemental.

Mr. RYAN. I do not quite understand how funds for the Korean situation come under title I, which is entitled "Military Operations in Southeast Asia."

Mr. LIPSCOMB. If the gentleman will yield, I will explain it.

Mr. RYAN. I do not have sufficient time.

Mr. MAHON. Mr. Chairman, I yield the gentleman 2 more minutes.

Mr. RYAN. I yield to the gentleman from California.

Mr. LIPSCOMB. At the time of the *Pueblo* incident, the House of Representatives and the Senate, in the appropriation bills, had included funds for Korea with funds for Southeast Asia.

I might point out to the gentleman that there are South Korean troops who are helping the United States and the South Vietnamese effort in South Vietnam.

Mr. RYAN. This supplemental appropriation bill is before us because of an underestimation of the cost of the war in Southeast Asia. Each year for the past 5 years Congress has been asked to appropriate supplemental money for the war in Vietnam.

I have pointed out on each one of those occasions—in 1965, 1966, 1967, 1968, and now 1969—that the only means the House has to change the Vietnam policy is to exercise the power of the purse. This bill presents us with another opportunity to vote on the conduct of the war.

Since last May, when the Paris peace talks were started, over 12,000 American servicemen have been killed in this war. There is no end in sight. The only way that the Congress, if it feels that this war must be ended, as I do, can exercise any influence on the direction of our foreign policy in Southeast Asia, is to vote "No" to these funds.

Therefore, I will offer an amendment under the 5-minute rule to strike title I. I hope it will have wide support so that we will be able to separate out the money for Southeast Asia military operations from the very essential funds contained in this bill for domestic programs.

Almost one-third of this appropriation is for military operations in Southeast Asia. H.R. 11400 provides total appropriations of \$3,783,212,766. Of this, \$1,234,000,000 or about 31 percent is allocated for Southeast Asia. This is above and beyond an estimated \$27.6 billion which Congress has already appropriated for Vietnam for fiscal year 1969.

Although President Nixon said in his nationwide television address last Wednesday that he intends to seek a mutual withdrawal of American and North Vietnamese troops from South Vietnam, testimony from officials of the Department of Defense suggests an increase in the size and scope of our military operation in Vietnam. The testimony of Gen. A. B. Taylor, director of the Army budget, reveals that approximately 17,400 more soldiers were deployed in Southeast Asia than were originally specified in the fiscal year 1969 budget. According to General Taylor, these troops were not sent as replacements but as additions to the existing force. General Taylor went on to say that additional troops would be deployed during the next fiscal year. Hearings on second

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supplemental appropriations bill, 1969, page 361.

For 5 years supplemental appropriations bills have been used to escalate the war and to deepen our military commitment in Southeast Asia. Although the appropriations sought in this bill may not result in the dramatic escalation that has occurred in the past, they will nonetheless be used to increase still further the killing and destruction that continues in Vietnam.

Each year the costs of the war have been underestimated in the initial budget. This happened in 1965, 1966, 1967, 1968, and now again in 1969. But each year the Congress has chosen to abdicate its responsibility to pass judgment on the war and has, instead, channeled more money into the quagmire in Southeast Asia.

For 5 years now, the critics of the war in Vietnam have been urging that we pursue alternative policies in Southeast Asia. In 1964, I urged a specific strategy for the neutralization of Southeast Asia to avoid broadening the conflict. But the conflict was broadened. In 1965, I argued against the Americanization of the war and against escalating our military commitment. But the war was Americanized and our commitment escalated. In 1966, I tried again to point to the policy alternatives available to us. But the choice of continued escalation was made. In 1967, I called again for renewed diplomatic efforts and an end to the bombing in the north. But diplomacy was secondary to the continued attempt to impose a military solution.

As I pointed out earlier in my remarks, the request for supplemental funds for Southeast Asian military operations has been tied in to other appropriations for some vital domestic programs which I support and, in some cases, have even proposed.

On January 30, I introduced an omnibus supplementary appropriation bill, H.R. 5562, to fully fund several important programs established under the Housing and Urban Development Act of 1968. Later, I reintroduced this legislation with 29 cosponsors—H.R. 7760, H.R. 7761. This legislation would provide supplementary appropriations to bring the section 235 homeownership program, the section 236 rental and cooperative housing program, the rent supplement program, the urban renewal program, and the urban renewal component of the model cities program to the full amount of funding authorized by Congress.

The bill before us today includes supplemental appropriations for three programs—section 235, section 236, and low-rent public housing program. Both section 235 and section 236 would receive an additional \$40 million for fiscal year 1969—which still leaves each program \$10 million less than the amount authorized by Congress. The low-rent public housing program—which remains the only effective way to reach low-income people in our larger cities—would receive an additional \$7,168,000 for fiscal year 1968 and \$16 million for fiscal year 1969 in contract authorization.

While I am pleased that the Appropriations Committee has recommended sup-

plementary appropriations to these three programs, I am disappointed that the bill does not provide additional funds for the rent supplement program, the urban renewal program, or the urban renewal sector of the model cities program. Each year the rent supplement program has been starved for funds; the current fiscal year is no exception. While the administration recommended \$65 million for rent supplements for fiscal year 1969, Congress appropriated only \$30 million. Similarly, urban renewal in model cities, although it was authorized to receive \$500 million, has appropriated only \$312 million.

These programs must be funded to the full amount authorized by Congress if we are to mount an effective attack on the crisis in urban housing which confronts this Nation. As has been the case so often before, the appropriations provided for Southeast Asian military operations in H.R. 11400 alone are greater than the amount which would be required to fully fund these vital housing programs.

I am also disturbed that a request from the Department of Housing and Urban Development for an additional \$2 million to carry out fair housing activities under title VIII of the Civil Rights Act of 1968 was denied by the committee. As Housing and Urban Development Secretary Romney stated in his testimony in support of this appropriation:

"It is simply impossible to attain this goal (providing a decent home in a suitable living environment for every American family) without a major and continuing effort in pursuit of fair housing for every person in this country." (Parenthesis added) (Hearings on Second Supplemental Appropriation Bill, 1969, p. 570.)

At present, the fair housing program has received only \$2 million to carry on that effort from Congress. If fair housing is to be guaranteed in this country, we must allocate more resources to pursuing that goal.

No doubt the argument will be made that, since the pending bill contains funds for several agencies which require supplemental allocations for their operations, as well as for programs, such as section 235 and section 236, it should be supported despite the title I appropriation for the war. I can not accept that argument, which ignores two basic factors.

First, if the House refused to approve this bill as long as it contained war appropriations funds earmarked for military operations in Vietnam would be removed; and the other parts of the bill would come back to the floor.

Second, and more basic, it must be recognized that vital domestic programs will not be funded adequately until the bloody and costly war in Vietnam is ended. So long as appropriations bills continue to allocate one-third of our available resources to Southeast Asian military operations—as this one does—our cities will continue to rot, and the social fabric of our Nation will continue to be ripped apart. We will never mount the concentrated attack on the multitude of domestic problems facing us—including housing, education, discrimination, and

pollution—so long as these programs receive only leftover scale allocations. The solution of our domestic crisis, in other words, must be preceded by an end to the war in Vietnam.

For 5 years the Congress has acquiesced in a disastrous policy. Some 35,000 American servicemen have been killed, and many more wounded and crippled. The country which we supposedly set out to save today lies in chaos and ruin. For 5 long years the resources of this country have been poured into an ill-conceived war, only to see our policymakers return the next year with requests for still more funds.

How long will this war go on? Another year? Another 2 years? Another 3 years?

If we are truly concerned with the continuation of this war—after it was thoroughly and roundly repudiated in the elections of last year; if we are concerned that after 1 year of negotiations in Paris we have not achieved peace; if we are truly desirous of terminating the death and destruction which continue to be wreaked on a small and unhappy nation—then let us now call a halt to this war through the only power the House possesses: the power of the purse.

Mr. MAHON. Mr. Chairman, I should like to state to the Members of the House that it is the purpose of the committee to have read the first paragraph of the bill, which deals with "Military personnel, Army," lines 6 and 7 on page 2, and then I expect to move that the committee rise. Of course, amendments will be in order, but I expect to be recognized by the chairman to move that the committee rise, and then the amendment period would come tomorrow.

I should like to say further that it is proposed on tomorrow before we begin further consideration of the bill, that the Rules Committee will offer a rule which will make in order the expenditure limitation, which is carried in title IV of the bill.

So, if the rule is adopted—and, of course, we hope it will be adopted—we will proceed with the reading of the bill under the 5-minute rule.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Iowa.

Mr. GROSS. The language that you would have read this afternoon, do I understand, goes to line 7 on page 2?

Mr. MAHON. Yes. It would end at the figure \$110 million in line 7 on page 2.

Mr. GROSS. That includes no language, then, that is subject to a point of order?

Mr. MAHON. No.

Mr. GROSS. The rule is designed to waive points of order.

Mr. MAHON. The rule is designed to protect against points of order only in title IV, which relates to the expenditure limitation. It will not protect any other part of the bill than the expenditure limitation.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

H 3352

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H.R. 11400

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, to supply supplemental appropriations (this Act may be cited as the "Second Supplemental Appropriations Act, 1969") for the fiscal year ending June 30, 1969, and for other purposes, namely:

TITLE I

MILITARY OPERATIONS IN SOUTHEAST ASIA

DEPARTMENT OF DEFENSE—MILITARY MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For an additional amount for "Military personnel, Army", \$110,000,000.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOLIFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11400) making supplemental appropriations for the fiscal year ending June 30, 1969, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members speaking on the bill this afternoon may be permitted to revise and extend their remarks and that I may be permitted to revise and extend my remarks and insert certain tables and excerpts relating to the bill.

THE SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

SMALL BUSINESS ADMINISTRATOR ATTEMPTING TO COVER UP FUENTES AFFAIR

(Mr. PATMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. PATMAN. Mr. Speaker, on April 26, Mr. Hilary Sandoval, Jr., the Administrator of the Small Business Administration, appeared before the Banking and Currency Committee to discuss an SBA loan to a New York company with alleged underworld ties.

Shortly before the hearing, I received a telegram from the Honorable HENRY B. GONZALEZ, a distinguished member of the committee, concerning "an alleged shakedown" of a small business loan applicant by Mr. Albert Fuentes, special assistant to Mr. Sandoval.

The telegram follows:

WASHINGTON, D.C.,
April 25, 1969.

HON. WRIGHT PATMAN,
Washington, D.C.:

Affidavits in my possession and on file with the Federal Bureau of Investigation show that there is reason to believe that Albert Fuentes, special assistant to the Administrator, Small Business Administration, has engaged in or attempted to engage in shake-

downs of SBA loan recipients. I have requested the administrator to suspend Fuentes pending full investigation and request that you join in this action. I request that the committee under your able leadership investigate all loans either made or pending in Texas offices of SBA since Fuentes entered his position and that investigation be made particularly in the San Antonio area.

Sincerely,

HENRY B. GONZALEZ,
Member of Congress.

When Mr. Sandoval appeared before the committee, I asked him to look into the Fuentes situation and to report his finding to the committee. Mr. Sandoval agreed to this request. The transcript of the hearing clearly spells out what information Mr. Sandoval was to provide. The transcript states:

The CHAIRMAN. Now I will ask you to take this telegram and give me a report on Mr. Fuentes. You can do that, I assume?

Mr. SANDOVAL. Yes, sir.

The CHAIRMAN. And also to give me all the information about the loans in the San Antonio area.

Mr. SANDOVAL. Yes, sir.

The CHAIRMAN. And if any of them provoke your thinking along the lines as not being regular, call them to our attention.

Mr. SANDOVAL. Yes, sir.

Following Mr. Sandoval's appearance, I learned that SBA investigators had visited the San Antonio SBA office and looked into the Fuentes situation. After allowing a reasonable length of time for the investigators' report to be forwarded to Washington, I wrote to Mr. Sandoval on May 12. The letter asks Mr. Sandoval not only to provide the Fuentes report but also to furnish the committee with a document that is extremely important to the committee's investigation of the New York loan to the alleged criminal controlled company. The letter follows:

MAY 12, 1969.

Mr. HILARY SANDOVAL, Jr.,
Administrator, Small Business Administration,
Washington, D.C.

DEAR Mr. SANDOVAL: It has come to my attention that a memo dated January 5, 1967, from Mr. William Bowling to then Small Business Administration Administrator, Bernard Boutin, contains a great deal of background information concerning SBA's involvement with A.N.R. Leasing Corporation. This memo is of vital importance to the Committee's examination of the A.N.R. loans and because of this, it is imperative that the Committee be given a copy of the complete memo immediately.

It is my understanding that there may be a problem in releasing the memo in that it contains FBI and Justice Department information. In this regard, it would be appreciated if you would take action to secure the release of the memo from the Justice Department and immediately forward it to the Committee.

In addition, you will remember that during your appearance before the Committee on April 26th, I asked you to make a complete investigation of the charges made against Mr. Albert Fuentes. While I realize you have turned the matter over to the FBI, it is my understanding that SBA investigators have been looking into Mr. Fuentes' relationship with the San Antonio office. Because of the importance of this matter, it would be appreciated if you would immediately inform the Committee as to the results of your investigation of this incident and also if any other loans involving alleged improper action on the part of Mr. Fuentes

have been uncovered. Your earliest reply would be appreciated.

Sincerely,

WRIGHT PATMAN,
Chairman.

It is quite clear from even a most casual reading of the letter that two different subjects are covered in the letter. The staff of the Banking and Currency Committee had been informed by SBA officials that the memo from Mr. Bowling to Mr. Boutin contained information from the FBI and Justice Department and that permission would have to be obtained from these departments to release the memo. Because of this, my letter specifically asked Sandoval to take action to secure release of the memo to the committee because of its important nature to our investigation.

The last paragraph of the letter deals solely with Mr. Sandoval's promise to supply the committee with the report on the Fuentes case.

It does not suggest that the Fuentes report, promised the committee by Mr. Sandoval, should be turned over to the Justice Department, nor does the letter make any reference to the Justice Department in connection with the Fuentes case.

After the letter was sent to Mr. Sandoval, a member of the Banking and Currency Committee staff called SBA to find out when the Fuentes report would be made available. He was assured that the report would be in the committee office the following morning, along with some other material that the committee had requested. The following morning, SBA did send information concerning its lending activities in cases under study by the committee, but did not send the Fuentes report. The SBA official who brought the material to the committee stated that he did not have a copy of the Fuentes report but that he would call back to his office and make certain that the report was placed on his desk and that he would personally hand deliver the report that afternoon. Later in the day, still another SBA official reported to the committee staff that the committee would not be able to get a copy of the report that afternoon because, "I do not know where a copy of the report is and even if I did, I do not have authority to release it."

He said that Mr. Sandoval was out of town and could not be reached. The following day, several members of the Banking and Currency Committee staff attempted to obtain copies of the report but were unsuccessful. The reason given at that time for the report not being made available was that Mr. Sandoval was out of town and the report could not be released without his approval. When the committee staff attempted to locate Mr. Sandoval they were told by his office that—

He is in New York but I don't know where to get in touch with him or exactly where he is.

The following day, Mr. James Reed, congressional relations director for SBA, called the committee staff to state that the Fuentes report had been turned over to the Justice Department and would not be made available to the committee.

Improvement Of Russian Missile Seen

Associated Press

U. S. military experts predict Russia will have a long-range, multiple warhead missile with an accuracy of one-quarter of a mile by the middle of 1970s.

The missile is the SS-9, which Secretary of Defense Melvin R. Laird said last May posed a threat to the United States' missile installations.

At that time Laird said 95 per cent of the U.S. Minuteman missiles could be destroyed by a force of multiple warhead SS-9s with one-quarter mile accuracy.

Lt. Gen. Alfred D. Starbird, manager of the Safeguard antiballistic missile defense system, in testimony before a House appropriations subcommittee on July 9, said the intelligence community estimates those conditions will be met by the mid-1970s. His testimony was made public Wednesday.

Starbird's estimate of when the United States would develop similar accuracy with its multiple warhead missiles was kept secret.

The accuracy of the SS-9 was also mentioned in House debate Wednesday on the \$21-billion military procurement bill.

Rep. Leslie C. Arends (R-Ill.) senior Republican on the Armed Services Committee, said the Soviet missile can deliver a warhead "with great accuracy."

Arends said Russia's development of its weapons system is one of the main reasons the United States needs the ABM. "The SS-9 does not seem logical unless it is designed as a first-strike capability," he said.